

STRATEGIC REPORT

We are proud to be industry leaders.
Our breadth, scale, balance and financial
position are the strongest in our industry.

OUR INVESTMENT CASE

Our business philosophy has been consistent for many years: investing for the long term while delivering cash-generative profit growth in the near term. Our financial strength enabled us to make long-term investments through the pandemic and we have protected our business infrastructure, including people, brand, technology and data. Our investments are accelerating our recovery from the pandemic, and we saw strong sequential fee growth in the second half of the year.

We believe there are three simple and compelling reasons to invest in Hays.

01

Our business model's breadth across sector and contract type

- We have built a global, white-collar recruitment business with unrivalled balance, scale, and diversity.
- We are positioned across Perm, Temp and Contractor markets, at a scale unique amongst our peers. 61% of our fees are in Temp or Contracting recruitment, where we are market leaders.
- Non-Perm recruitment tends to be less cyclical than Perm. Candidate assignments can extend to 12 months, giving some 'run-rate' fee visibility. By giving clients access to high-skilled, flexible talent, we help them convert costs from fixed to variable.
- We provide excellent service to large, medium and small clients. Our services include transactional 'spot' recruitment, preferred supplier arrangements and long-term outsourcing deals.
- We focus on precise execution, delivered by the best people, sector-leading technology and recruitment tools, and our world-class brand.
- We have strong and experienced senior regional management teams across the Group, and invest in our leaders through our bespoke International Leadership & Management Programme.
- We focus on developing and delivering the best services, products and user experience for clients and candidates, meeting their evolving needs.

02

Our balanced exposure to long-term structural growth markets

- Many of the 33 countries in our global network represent clear structural growth opportunities, where the use of agencies like Hays to source skilled employees remains relatively low.
- 56% of our Group fees are generated in such structural growth markets, including places such as Germany and Asia, where the first-time outsourcing of the recruitment of skilled staff remains a key long-term opportunity.
- A further key part of our strategy is identifying attractive, structurally growing sectors and investing in them worldwide. Examples of this include Technology, Life Sciences, Engineering and the Green Economy.
- The remaining 44% of net fees come from more mature markets, such as the UK and Australia, where the use of agencies is a long-established practice in the skilled jobs market. In these markets, activity levels are more driven by the stage of the economic cycle.
- In the USA, market share gain remains an important growth driver.

03

Our ability to deliver superior financial performance and pay substantial dividends

- Our fees declined by 8% in FY21. Trading improved through the year, with strong sequential growth in all regions. Our exposure to large Corporate clients and skill-short sectors such as Technology and Life Sciences added resilience.
- We have positive momentum entering FY22, with good opportunities for cyclical recovery and structural growth.
- So far, this recovery has been more Perm-led, and our Perm business rebounded strongly in the second half.
- Underpinned by our financial strength, we started our Strategic Growth Initiatives (SGI) programme at the height of the pandemic. SGI positions us to build much larger businesses in the most in-demand sectors of the future, especially Technology.
- Given our strong recovery in profitability, high levels of cash generation and confidence in our outlook, the Board proposes to resume core dividends with one single payment for FY21 of 1.22p per share, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings.
- We announced in February 2021 that the Board had identified £150 million of surplus cash, which it then expected to pay to shareholders in two phases, commencing with £100 million in November 2021. Given the strong recovery in profits and confidence in our growth prospects, the Board now proposes to pay this via one special dividend of £150 million (8.93p per share) in November 2021. The Board intends to restart ongoing special dividends in FY22.

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The strength of the recovery has been dramatic. We now see a clear route back to, and then exceeding, pre-pandemic levels of profit, faster than we envisaged even six months ago. With such confidence in our future, we are proposing to resume core and special dividends.

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THE YEAR IN REVIEW, AND THE YEARS AHEAD

Our Chief Executive, Alistair Cox, discusses the Group's performance in FY21 and looks ahead to our areas of focus and development in the future.

Q1. Given the Covid-19 pandemic continued to dominate economies in FY21, how would you characterise Hays' response to these challenges and emerging opportunities?

A. This year has been a year like no other. It began with many countries in lockdown and businesses still coming to terms with new ways of working remotely and adapting to highly dislocated markets. In the first six weeks of the pandemic, our Group fees fell by c.34%, a decline similar in scale to the Global Financial Crisis (GFC), but over a matter of weeks, not nine months. This was the steepest drop we have ever witnessed and many of our businesses were at break-even levels a year ago. How times change though and we ended the year experiencing the sharpest recovery in our history as organisations rapidly resumed hiring. Several of our businesses finished the year with activity levels well above pre-Covid levels and delivering monthly fee records, giving us good momentum as we start FY22.

It would have been impossible to predict such extreme fluctuations. The only constant throughout the year was the rapidly changing environment, meaning we were adapting daily to whatever the world threw at us. However, between these two extremes of collapse and steep recovery, there has been a wealth of stories of how we have navigated this most unpredictable of years. Let me relate just a few.


Firstly, let's not lose sight of how Covid-19 is a deep human tragedy that has affected many millions of people globally. It has fundamentally changed people's perspectives and has increased employee wellbeing as a priority for many companies, Hays included. Our number one priority has been – and remains – the safety of our colleagues, clients and candidates. Thankfully, relatively few of our Hays colleagues have contracted the virus, and I'm very relieved to say we have lost no one.

It goes without saying that at times of such great stress and anxiety, it has been crucial to provide support to our people, both professionally and personally. We invested heavily in supporting our people to cope with their daily challenges, for example implementing further wellbeing programmes for our colleagues. We also owe a huge debt to our IT teams around the world, who ensured we were fully equipped to operate effectively while working largely from home and our business did not miss a beat as we worked remotely.

It is at times like this that an organisation's true character becomes apparent, and I am incredibly proud of how our people around the world came together to provide mutual support and get through these times as a team. Despite the challenges, our employee engagement levels are very high and I would like to publicly thank all my colleagues for playing their part in such a team effort.

With such a difficult market backdrop however, strict cost control was vital. At the end of our first quarter, we had reduced our consultant headcount by 17%. However, our fees were down by considerably more, -29% in Q1, and we took the conscious decision to look through the worst of the fee downturn and protect our trained and experienced consultants as we knew we would need their talent again in the future. Our headcount reductions were materially lower than in previous downturns. Our ability to plan for the long term and carry that investment means we are now on the front foot to capture the many opportunities we see, and in the second half of the year as markets rebounded we increased consultant headcount by c.10%.

Our purpose as a business is to help others advance their own careers and realise their true potential. Never has this been more relevant as we helped clients and candidates deal with some of the toughest markets in history. Over the year, we placed c.280,000 people into a new job and helped literally

 Watch our FY21 results meeting at haysplc.com/investors/results-centre

 Find out more about Hays Thrive visit: hayslearning.com

millions of others with career advice. Our commitment is to be a lifelong partner to our candidates, which means helping them continuously develop their career, not just at the milestone event of changing jobs. One of the services we have successfully deployed to support this commitment is Hays Thrive, our leading free-to-use employee training and wellbeing portal which also helps candidate to re-skill and upskill. Overall, more than 850,000 training courses were undertaken on our online systems in the last year, equating to over 26 million minutes of online learning. That is real value added to people and their organisations and we will continue to introduce new innovative services to all those in the world of work.

Even in the periods of the strictest lockdowns, consultant interactions with clients and candidates remained very strong. As the year progressed and societies adjusted to the circumstances, our average consultant productivity increased significantly. Despite Group fees still being below pre-pandemic levels, we delivered record productivity in Q4. This gives us a strong platform to continue to add headcount across the business, giving us capacity to deliver strong fee and profit growth in FY22, FY23 and beyond.

When I think back to the start of the pandemic, the concept that people would go through an entire recruitment process virtually – including interviewing, receiving their offer, resigning and onboarding – was completely unproven. However, this has now become standard business practice and opens new ways for us to deliver our services. The necessity of working from home has shown us there are benefits in moving to our own hybrid way of working, combining the best elements of an office environment with the flexibility to work from home. Our people have been instrumental in helping to design local solutions which work for them and Hays, and I am certain there are huge benefits to be realised from this flexible approach.

Crises such as Covid are often the catalyst to step back and ask some fundamental questions about the future shape of business, particularly given the rapid pace of change in the world. Part of our own response has been our Strategic Growth Initiatives (SGI), our largest ever investment programme. This was somewhat contrarian given it commenced at the lowest points in our market. SGI is designed to accelerate our structural growth in the most attractive future markets.

Reinforcing our market leadership and gaining further market share is a top priority. There are many examples of this in our Technology recruitment business. Prior to



the pandemic our Technology fees were c.£250 million, making us a global leader in Technology recruitment, and it is our largest specialism by some distance, representing 26% of Group fees. However, there is much more we can do in undoubtedly one of the hottest and most attractive industry sectors in the global economy, and I see £500 million in Technology fees as a realistic ambition for Hays in the next five years. Another example of market leadership and investment is Hays Talent Solutions, our corporate solutions business, where we continued to win new clients around the world and grow our share of their recruitment spend.

Above all, our business is dependent on our people and the culture we have carefully built over many years. Despite the operational challenges presented by the pandemic, we continued to invest in our training and development programmes, which we aim to be the best in the industry, and as a result 2,607 colleagues were promoted in the year, a clear sign of how highly we value career progression. In the world of hybrid work, our culture is evermore important, as we onboard a significant number of new colleagues and adapt our business to the challenges and opportunities we face. Difficult as the pandemic has been, I am convinced Hays will emerge stronger and better.

Q2. Given the many impacts of the pandemic, how do you assess Hays' financial performance in the year?

A. No CEO can be happy to see operating profit⁽¹⁾ decline by 31% in the year. However, under the circumstances, I believe the Group performed well, delivering a fee and profit outcome for FY21 well above that which we might have earlier thought possible. We delivered several profit upgrades as trading improved. More importantly, the positive momentum we have built, particularly in Q4, has carried on into FY22.

Overall, Temp fees were relatively resilient and fell by 6%, while Perm was hit harder, down 10%. However, the recovery in our second half was increasingly led by Perm, rebounding faster after a steeper decline. In the second half, Perm increased by 18%, with Temp up 9%. This was unlike the period following the GFC, when the recovery was much slower and more Temp-led. That said, we also saw very encouraging signs in Temp as volumes increased, average assignment duration lengthened and average hours worked per Temp increased.

The financial year certainly started a lot tougher than it ended. Our quarterly net fee sequence through FY21 was -29%, -19%, -10% and +39%. We have never seen such a sharply positive turnaround in trading in any of Hays' 53 years – albeit we also hadn't seen a decline as fierce as the initial phase of the pandemic.

In FY21, overall Group net fees declined by 8% to £918.1 million. Against that though, 14 of our countries grew fees year-on-year, including six country fee records, illustrating the sheer level of volatility we have managed. Group operating profit⁽¹⁾ declined to £95.1 million, with £25.1 million in H1 and £70.0 million in H2.



The uncertainties necessitated by the pandemic caused us to closely manage our cost base, particularly in Q4 FY20 and at the start of FY21. However, the significant rebound in our markets meant that by the start of the second half we were investing and rebuilding headcount. Consultants increased by 4% year-on-year and by 10% in H2 FY21. Our headcount today remains c.10% below pre-Covid levels, but that gap is narrowing.

Importantly, as noted earlier we deliberately did not cut costs as severely as we did in the GFC. We took a very conscious, long-term decision to retain capacity above that normally required for the low fee levels experienced at the start of the pandemic, and to invest for the long term in structural growth sectors via our SGI programme.

Lockdown restrictions resulted in other variable and discretionary costs, such as travel, being significantly lower. Some of these will return as markets re-open, but I do expect we will permanently reduce overall travel costs as we continue to harness the benefits of video technology. This also supports our Net Zero journey (see page 52), and we have set an ambitious target to reduce our overall flight numbers by 40% versus pre-pandemic levels by 2025.

We ended the year with net cash of £410.6 million, and our strongest balance sheet ever. Cash conversion⁽²⁾ was excellent at 138%, and our credit control teams again deserve major acclaim for delivering record low debtor days of 33 days, which helped to improve our cash position by £42 million.

Given the strong recovery in Group profits, our strong balance sheet and our confidence in our outlook, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence per share, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings. We are also able to return £150 million of surplus cash via special dividend in November 2021, equating to 8.93 pence per share.

Q3. How did performance vary by region?

A. Germany is our largest business and fees declined by 7%, with operating profit down 42% as we maintained our productive capacity. This masked a significant fee difference between the first and second half, with H1 down 26% and H2 up a strong 18% as business confidence rebounded. Contracting, 60% of German fees and where we provide freelance workers, was relatively resilient through the year with fees down 5%. We delivered particularly strong new contractor volumes in our fourth quarter, encouragingly ending the year with record contractor numbers for June.

Temp, which is mainly in Engineering and Manufacturing and where we employ temporary workers as required under German law, declined by 3%. This masked a first half down 45%, with the second half recovering strongly, up 79%. In H1 FY21 Temp fees were impacted by the under-utilisation of Temp workers and Temp severance costs. In H2 we delivered record levels of Temp utilisation as markets rebounded. The Temp business is now back at good levels of profitability and worker volumes are growing well and I remain convinced there is a significant long-term growth market for highly skilled Temps in Germany, which we are determined to continue to lead.

The final part of our market, Perm, was more difficult as client confidence was subdued and fees decreased by 18%, again delivering a stronger performance in the second half versus the first.

The sheer pace in recovery of German fees in the second half is a powerful reminder that, in my view, Germany remains the most exciting global recruitment market in the long term. This is driven by acute skill shortages as the industrial base transforms, an ageing population and the structural opening of the market to specialist recruitment agencies like Hays. As the undisputed market leader in Germany, we are determined to quickly build on our leadership position and generate very significant profits along the way.

I also think our Australia & New Zealand (ANZ) division performed well, with fees down 10% and operating profit down 21%. Our ANZ fees, which are 70% Temp, were less impacted at the outset of the pandemic, partly as we won contracts helping larger clients deal with the initial effects of the pandemic. Fees in the first half fell by 23% and were up 6% in the second, although profitability improved through the year and overall conversion rate of c.25% was the highest in the Group. Australia in particular has been faced with a series of sharp, localised lockdowns. Despite those, business confidence and activity levels have remained strong after the initial shock and the country is facing significant skills shortages as its borders remain closed. As long-standing market leaders in Australia, we will invest to further reinforce our position.

Given we have 28 countries in our RoW division, performance was understandably varied. That said, 14 countries delivered annual fee growth, with record performances in six countries including the USA and Malaysia, up 4% and 11% respectively.

Our ability to plan for the long term and carry that investment means we are now on the front foot to capture the many opportunities we see, and in the second half of the year we increased consultant headcount by c.10%.

 **Watch our Investor video at**
haysplc.com/investors

(1) FY20 operating profit was stated before exceptional charges of £39.9 million, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

(2) Cash generated by operations has been adjusted for the cash impact of lease payments of £50.0 million and £118.3 million of FY20 payroll tax and VAT paid in FY21. Cash conversion is the percentage of operating profit⁽¹⁾ converted into cash generated by operations.

Unless otherwise stated all growth rates are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of continuing operations at constant currency.

EMEA ex-Germany is our largest sub-region, and fees fell by 5% in the year, with the first half down 20% and the second half up 12%. Spain and Italy were standout performers, with annual fees up 2% and 5% respectively. Our largest RoW market of France declined by 11%, and Belgium declined by 17%. Poland and Switzerland were more resilient with flat fees. In the Americas, alongside our record USA fee performance, Brazil grew by 9%. Canada was tougher, with fees down 15%.

In Asia, fees declined by 11% in the year, with the first half down 28% and the second half up 12%. Mainland China is now our largest Asian business and grew by a strong 17%, significantly outperforming Hong Kong SAR, down 32%. Malaysia made further excellent progress, continuing its success story with fees up 11%.

The sheer scale of structural growth opportunities for first-time outsourcing of recruitment across so many countries in our RoW portfolio gives me great confidence for our future.

Finally, in UK & Ireland, fees fell by 11% with operating profit down 31%. Temp, down 9%, was more resilient than Perm, down 14%. The Public sector also significantly outperformed the Private sector. However, the 10% rebound in fees in the second half was led by both Perm and the Private sector, as business confidence improved. We returned to solid levels of profit in the second half of the year in UK&I, and we enter FY22 with significantly improved momentum.

Overall, I am very pleased with how our businesses have faced up to the many challenges they have faced in FY21. Huge credit is due to all our colleagues globally who coped admirably through these exceptional times, delivering good results under the circumstances, keeping their people safe and displaying true Hays spirit in the way they responded to the challenges they faced. Reflecting on my own experience, it took us ten years to get back to prior peak profit levels after the GFC. Overall, the strength of the recovery has been dramatic. We now see a clear route back to, and then exceeding, pre-pandemic levels of profit, faster than we envisaged even six months ago.

Q4. Aside from the business's response to the pandemic, what were your strategic highlights of FY21?

A. There are major changes in the world of work – remote working and the opportunities that brings, new job roles with new skill requirements emerging constantly, organisations looking at ways of improving diversity and social mobility or businesses

and governments gearing up to tackle climate change. All of these represent big opportunities for Hays, and we are investing to make sure our business sits at the forefront of these new areas and is shaped to reflect the future markets. This is a core theme behind our SGI programme, launched in Q4 FY20, well before there were signs of stabilisation in our end markets. SGI identified over 20 accelerated headcount investment projects in attractive structural growth areas such as Technology, large Corporate Accounts, the Green Economy and Life Sciences in all our major markets.

It is distinct from the significant headcount investment, which is simultaneously taking place in almost all our key recruitment specialisms globally.

During FY21, SGI operating expenditure was c.£15 million, as we built management infrastructure and added c.250 consultants. We expect an increasing fee contribution from this investment during FY22 and we anticipate strong returns in FY23. We will invest a further c.£20 million in SGI in FY22, including c.350 consultants.

Let me make this real with an example. Our world is increasingly powered by technology, and we are already a leader in this exciting space. However, we believe we can be easily twice our current size and the sooner we get there, the better. That's why we are investing to double the size of our Technology business globally, with a special focus on the newer technologies which are rapidly emerging. Already organisations are struggling to find the skills they require in areas such as data science, artificial intelligence and cyber security. There are also huge new ecosystems and economies being built around technology platforms such as Salesforce, AWS and Microsoft Azure. All our data tells us this is a sector where there is a significant war for talent, and this is likely to continue as new roles and skillsets are constantly invented. We intend to capitalise on that by ramping up investment through our existing infrastructure and leadership teams to turn potential into fees and market leadership on a global basis. We have the infrastructure, experience, financial strength and ambition to deliver all this – something many of our competitors would find very hard to do.

In all our strategic initiatives, an underlying theme is to achieve a market-leading position, which means growing our market share. In a fragmented world, we see significant opportunities to win more business both in the Private and Public sectors. Larger client organisations offer substantial additional volumes to us as we grow our share of their recruitment spend, and we are building more

and larger dedicated delivery centres to efficiently fill the majority of jobs required by our larger clients, particularly in the UK, USA, Germany and Australia. The strength of our service offering through our outsourced recruitment services business, Hays Talent Solutions, combined with our investment in massive delivery capability, is designed to make us a true leader in servicing larger clients and our global network allows us to provide them with the required services wherever they operate in the world – again a position unique to ourselves.

We have long-followed a strategy of delivering equally effectively to both the Perm and non-Perm markets. The two sectors operate to different rhythms and we see benefits in both. Perm markets can rebound very quickly as confidence increases, as has been the case recently. However, non-Perm is also a preferred way of working for many talented individuals who thrive as freelancers or contractors in buoyant markets such as Technology, Life Sciences and Engineering. As an example, around 80% of our Technology fees are non-Perm. We will therefore continue to build scale in both, but we see lots of opportunities to build bigger non-Perm businesses in many markets where we are currently under-leveraging our potential. We have the systems, experience and capital to do this, all of which are significant barriers to entry in this sector. Furthermore, the 'stickiness' of the revenue stream from non-Perm arguably delivers a higher quality of earnings than a similar Perm placement.

While our business starts and ends with the people in it, I passionately believe that even the best people can be even better if you give them the right tools. We call that the 'art and science' of recruitment, combining the creativity and human skills embodied in our people with technology and data science. It means that alongside our training programmes, we are constantly looking for technology enablers that free up our consultants to do more with their time. There are no shortcuts to achieving this though, and looking at our own journey, we have gone through three distinct phases of evolution over the last decade. Firstly, we put in place the modern infrastructure we needed to exploit a multi-channel world. Secondly, we utilised that multi-channel world to find and engage with millions of people daily. And now, our third phase, leveraging our databases to draw insights to help our consultants make the perfect match, every time and at a pace and scale not seen before.

That's an exciting place to be and there are many examples of how our digital journey is bringing ever-greater value to our markets. For example, in FY21 we further invested in our own market-leading tools, including our 'Hays Hub' recruitment platform, which helps schools find the Temp talent they need quickly and securely, ensuring world-class safeguarding and compliance processes. The Hub has created a whole new way of enabling schools to find the teachers they need, and now has c.5,800 schools and 200,000 teachers on the platform. The Hub is also being used as a training portal for teachers as it increasingly becomes an essential tool.

The Hub has other applications too and we are taking it into the Social Care sector, where early results are extremely positive, as well as introducing it into Australia.

We build a lot of our technology ourselves, owning the intellectual property. However, we also see huge benefit in collaborating with other industry leaders, incorporating their cutting-edge technologies into our own operating systems for the benefit of our clients and candidates.

In FY21, we renewed our innovative relationship with LinkedIn, where we now have almost five million followers worldwide, engaging regularly with our content. There are many other examples of similar engagement platforms to ensure our clients have unprecedented access to the very best talent in the world, including Xing where we recently celebrated our fourth anniversary working together.

Of course, nothing is ever perfect, and I constantly wish we were further ahead in all our plans as our ambition is so high. While the rapid pace of economic recovery in our second half was incredibly welcome, we would have benefited from greater numbers of consultants in our third and fourth quarters to service burgeoning demand. However, given we protected our productive capacity by more than we did in the GFC and began investing in SGI projects early, we enter FY22 on the front foot. I absolutely expect us to build a bigger business than we ever had before the pandemic, and an even better one too.

Q5. What were the main Environmental, Social & Governance (ESG) initiatives and progress made during FY21?

A. Underpinning our purpose as a business is our core Hays value of always trying to do the right thing. Our work in ESG is central to this, and I am delighted to say we made significant progress in FY21. What we do for a living is, in my view, a valuable social service. In addition



to the over 280,000 people we placed in work, we have helped many millions of others with advice, guidance and training towards their next role. We are investing in services to make us lifelong partners to our candidates and clients and bring real value to the world we live in.

Having endorsed two United Nations Sustainable Development Goals (UNSDGs) in FY20 – Gender Equality and Decent Work & Economic Growth – we added a third goal in FY21, Climate Action. Protecting our planet should be a goal of any business and as part of our detailed Environmental strategy I am delighted to say that Hays was a carbon neutral company for the first time in our history in FY21, based on our Scope 1, Scope 2 and selected Scope 3 Greenhouse Gas (GHG) emissions. We have committed to a path to Net Zero GHG emissions and have put in place permanent policies which should halve our Group GHG emissions, versus pre-pandemic level, by 2025. This includes a target to reduce air travel by 40%. We are also in the process of registering a Science-Based Target (SBT) to support the Paris Agreement on climate change.

We are increasingly asking sustainability questions of our wider supply chain, and I look forward to reporting more on this next year. We also have a big part to play helping find the talent the world needs as it tackles the climate challenge. Not only is this a business opportunity for us, it is also a powerful place to find ourselves as organisations globally look for the new skills that will be required.



SUSTAINABLE DEVELOPMENT GOALS



We are investing to double the size of our Technology recruitment business from £250m off fees pre-pandemic to £500m in the next five years, with a special focus on new technologies which are rapidly emerging.

Equality in all its forms – whether it be racial, gender, sexuality, physical ability, age or any other category – is core to building a sustainable society. Responsible companies should have Equity, Diversity & Inclusion (ED&I) at their heart, and it's correct that the subject has obtained far greater prominence in recent years.

Our Global ED&I council made excellent progress in the year. I am delighted to say that for the first time in our history, the Board has set stretching targets on female senior management. By 2025, we have committed to reach a level of 45% female leaders (FY21: 42% female) among our senior leadership of ~560 individuals, and to reach 50% by 2030.

Our diversity work also extends to clients and we hold a privileged position to help our clients foster true equity and diversity in their own workforces. Hays Australia launched its new Diversity Data collection portal for our Temp workers, which will provide employers with accurate and secure diversity data, helping them to build more diverse workforces. We continue to strive for greater workforce representation of Australian First Nations people, and in the last year c.5% of total candidates placed in our top-10 Australian clients identified as indigenous. By helping clients globally tackle these issues, we can have a very leveraged impact on shaping the workforces of the future.

While we help millions of talented professionals grow their own career, there are countless others who would not normally be able to access our services. That's why we launched our global Hays Helps programme in FY21, focusing on aligning the Group's volunteering and charitable activities on projects which support our purpose of creating opportunities and improving lives. We aim to help six sectors of society – workers living with a disability; ethnic minorities; LGBTQ+ communities; under-utilised talent such as caregivers, veterans or indigenous peoples; the mature aged workforce, and young people.

We have ensured every employee can take at least one paid Volunteering Day per year to allow them to lift up people's chances of employment – that's potentially over 10,500 days of support per year. For example, in the UK we worked with End Youth Homelessness to help homeless people get into the workplace, assisting with CV writing, job applications and interview coaching. In Germany we worked with Initiativ Gruppe München to provide coaching and interview simulation to support migrant women in gaining professional qualifications. In France, our colleagues raised over €11,000 to support

two associations, which offer assistance to jobseekers experiencing difficulties in accessing or returning to work. Our colleagues also ran workshops to help attendees find employment. Overall, I am really excited by the difference Hays can make to people's lives, helping them to progress in the world of work.

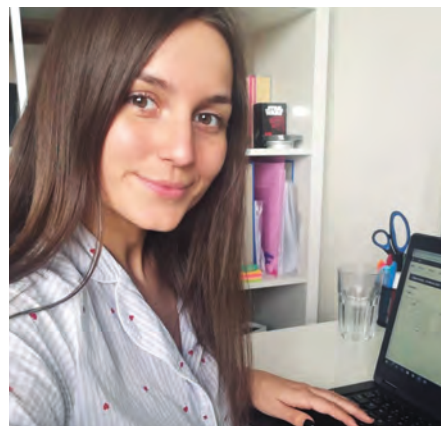
Q6. Has there been any change in your assessment of the industry megatrends?

A. Arguably the pandemic has accelerated the recruitment market megatrends we have long identified: increased demand for high-skill, non-Perm working; candidates desiring greater flexibility around building their careers; increased levels of outsourcing to specialist agencies and greater use of technology and digitalisation.

We are ideally placed to help our clients plan their own growth, and how they might access the resources needed to deliver that. We help them navigate the increasing complexity of workforce and legislative environments, ensuring they access the talent they need, in a way that makes sense for them. This can be via permanent recruitment, utilising a flexible workforce or even structuring teams of skilled individuals around specific projects.

The world has proven that flexible and remote working at scale works. This has major positive implications, including potentially widening the geographic areas from which roles can be hired for. With a truly global network and meaningful scale in all key geographies, we can help our clients understand how they can access the world's best talent, even if it is not available locally.

Increased digitisation was an inevitable force before the pandemic – however the pace of change has significantly accelerated and that has created its own pressures on the demand for many skillsets. In our skill-short world, the competition for the best talent gets fiercer by the day. It is our job to ensure that our clients win that competition, which requires two things: leading access to the best talent worldwide, and a unique, strong and long-lasting relationship with those individuals. Of course, organisations are free to recruit their staff themselves as they have always been able to do. However, our aim is to have the very best supply of skills possible, meaning that they will always find what they are searching for by using Hays. Our brand and marketing approach, our investment in technology tools, our rich content streams to support our candidates' own career journeys are all part of our jigsaw puzzle to build the very best talent pools available in the world,



so that we are confident of filling every job our clients give us. That's difficult for in-house teams or smaller recruitment businesses to replicate.

In addition, the past few years have seen the emergence of a new industry megatrend which we are increasingly targeting – the Green Economy. The battle against climate change is the most significant problem mankind needs to solve. To meet Paris Agreement targets, the International Labour Organisation estimates around 24 million new jobs will be required. Many markets are already skill-short, so adding in new demands for talent only makes the job harder. On top of this, the Paris Agreement is only one aspect of Sustainability – the actual number of jobs needed to solve the issues could be far higher as buildings are retrofitted to improve efficiencies, transportation is transformed, and technology underpins a sea change in how business is done. This therefore represents a major new opportunity for us to establish the leading provider of talent into the Green Economy. We start from a good place as a global leader in Technology recruitment, the leading supplier of E-mobility talent into the German automotive sector and the global leader in Construction & Property recruitment, but we see a valuable role to play as the 'go-to' organisation for all those wishing to develop their career in this exciting and vital area.

So yes, we are designing our strategy to purposefully capitalise on the megatrends we see in the world of work and they are even more relevant to us today. Our aim is to position ourselves exactly where the demand for future skills will be and in any market where supply is insufficient to meet demand, there is tremendous value to be gained. That is our prize.

Q7. Are you considering re-introducing long-term financial targets for Hays?

A. In any walk of life, it's difficult to know where you are headed or how much progress you are making unless you have a target. Hays is no exception and setting long-term financial targets acts as an internal strategic guide for us, helping to focus our ambitions and target our resources in optimal areas. Our five-year plans also convey the scale of the opportunities and a feasible level of our future operating profit, assuming a stable economic backdrop. There is so much structural opportunity in our business, it's important to illustrate that 'art of the possible'. Under our 2013 plan, we successfully delivered a near doubling in operating profits to c.£250 million. Our subsequent 2022 plan (announced in 2017) was de-railed by the pandemic, and prior to that, to an extent by

the global trade war. Neither events were predictable, but that should not stop us articulating our ambition and scale of potential profit growth, given a more stable economic backdrop free of such shocks. So, once we have a solid line of sight on sustained recovery in our markets, our plan is to conduct an investor day, at which we will present our next five-year plan. There remain many chapters to be written in the pandemic story and that of the subsequent recovery. However, despite that uncertainty, our ambitions are undiminished and I am hopeful that any long-term profit targets we set out will at a minimum be consistent with our former 2022 plan, namely an operating profit range of £300 to £450 million.

Q8. What is the Group's core dividend policy, how will surplus capital be returned to shareholders and what are your future priorities for capital?

A. The Group's profitability, cash generation and working capital management have been significantly better than our modelled scenarios at the time of our £196 million equity issuance in April 2020. The Board has therefore announced a resumption of our core dividend at 3.0x earnings cover, with a single payment proposed for FY21. Our target core dividend cover range remains 2.0 to 3.0x earnings.

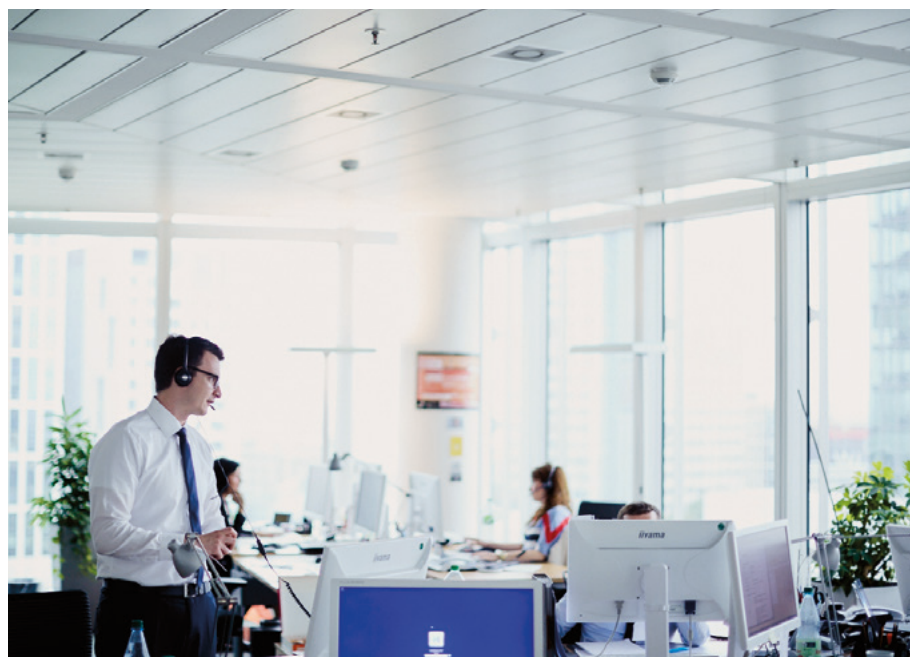
We are a highly cash-generative and relatively asset-light business. Paying cash to shareholders has long been a central part of our investment case – we paid c.£374 million in core and special dividends between FY17-FY19. At the time of our equity issuance, we

were very clear with shareholders that should we not need this additional capital, we would return it as soon as practically possible.

In February we announced that the Board had identified £150 million of surplus cash, which we expected to pay to shareholders in two phases, commencing with £100 million to be declared at our prelims. Given the sequential fee growth and recovery in operating profit in the second half, together with confidence in future growth prospects, the Board now proposes to pay this via one special dividend of £150 million, to be approved by shareholders in November 2021.

Our first priority when allocating capital has – and always will be – internal investment opportunities, such as building capacity and capability across the business, our SGI programme and investments in consultant productivity tools. We face so many structural long-term growth opportunities that we must continue to invest to fully capitalise on them. Each year we seek to get that balance right between delivering short-term profit growth, and re-investing profit to build our business even faster. While the short term is obviously important, we are running the business to ensure Hays remains a winner in the long term and that does mean we sometimes temper our short-term profit gain to accelerate our longer-term strategy.

That said, our capex requirements are relatively low at £20-30 million per annum. Our business model is therefore highly cash-generative, and the Board expects to resume ongoing 'trading' special dividends in FY22, and to return material special dividends over



time. Our policy for such special dividends, as we set out at our half-year results, will be based on paying cash above our cash buffer of £100 million at each financial year-end, after adjusting for expected working capital rebuild of £130 million. This will reduce as our Temp book grows and working capital increases, including any normalisation in client payment terms. In the second half, we saw a £20 million working capital outflow, which reduced this to £110 million.

Q9. On technology, has the risk of disruption from new entrants and platforms changed?

A. The pandemic has accelerated the digitisation of many industries, ours included. All businesses are challenged to adapt their business models to this new reality. The winners will be those who deliver the services their markets need in a way that best suits their customers. That can be disruptive as organisations build around their customers, but it can be hugely value-creating too. Our task is to build on what we already have, make it ever better and more relevant to our clients and candidates, try new things and learn in the process. We have the advantage of being highly profitable, financially strong and with a brand, team, infrastructure and set of data second to none in our industry.

Commentators have forecast the dis-intermediation of recruitment agencies longer than I've been in the industry. First it was via job boards, then social media platforms and online communities, and latterly aggregators and peer-to-peer hiring platforms. While the advent of technology may have made it easier to apply for multiple roles as a candidate, it has not made it easier for organisations to sift through vast volumes of applications to find exactly the talent they are looking for. Organisations want the 'right' person and technology to date has failed to achieve that goal alone. Equally, the pace of change in areas such as social networks makes finding the right candidates ever more complex as they move between communities.

The secret of good recruitment however is based on ongoing relationships formed with clients and candidates and the advice provided to each, which is a very human thing. That is where we win – we invest in forming and nurturing those relationships with literally millions of people and organisations so that we become the expert advisor to both parties. To do that we are constantly innovating on how we reach candidates and build deep talent pools in every specialism. We then proactively engage with each member of those pools via multiple channels, strengthening our relationships

over many years. When we consider that the majority of jobs we fill every day are by individuals on our database who we know well, the value of our data becomes clear. It is a highly valuable asset and something we protect and nurture daily.

The other side of our equation though is people – technology alone does not create the perfect fit between candidate and opportunity. Each of our consultants is a trusted advisor to their clients and candidates and true experts in their fields and we constantly invest in them to ensure they remain so. Putting together the best people trained as real experts, leading technology to help them deliver the best service and insightful data is a winning combination that has taken years to build and is difficult to replicate. I believe that makes us unique and best positioned to win both against potential disruptors as well as traditional recruiters. However, there is no room for complacency, and we are constantly vigilant to technological change as our world continues to evolve.

Q10. How is Hays' culture helping the business to navigate the new era of work?

A. We are hugely proud – and protective – of our culture. We think it's unique and it sets us apart in our industry. Client service, integrity, passion and doing the right thing hold true in each of our 256 offices every day. We aim to live these values every day and they guide us through whatever challenges our world throws at us.

Any organisation's true personality becomes apparent when it is under stress. The last 18 months have been a huge test in so many ways, but I am incredibly proud of how our people continued to rally to the common cause and stood tall in the face of challenges. Our consultants engaged with their clients and candidates, generating greater levels of activity and interactions than pre-Covid and that resulted in record productivity in Q4 FY21. Our IT colleagues worked tirelessly to ensure our systems coped with the stresses of hybrid work patterns, ensuring no loss of operating performance. Our credit control teams have once again reduced our debtor days to record low levels.

Supporting morale within our own teams has been a top priority as we have all witnessed anxiety or loss over the last year. We have redoubled our efforts to ensure that every single one of us feels connected, informed, reassured and supported, and there is a palpable sense of community and 'togetherness' across the business today.





We have also learned invaluable lessons which allow us to adapt our business quickly, whether that's designing more flexible day-to-day working schedules or creating new technology tools to support our managers in managing their teams remotely.

Our efforts are being recognised in the public eye, winning numerous awards throughout the year. In France, Hays was awarded the Gold Trophy in the 'Recruitment Consultancy' category by Le Monde du Chiffre. In Germany, we won AUBI's 'Best place to Learn' award for employers who stand out due to excellence in training and sustainably promoting young talent. In Poland, we secured 1st place in Recruitment and Executive Search categories in Book of Lists 2020/2021 ranking.

Overall, Hays also secured a 'Top Employer' award certified by the Top Employers Institute.

We don't achieve these accolades without hard work. I'm extremely proud of the success we have had from the Hays 'International Leadership & Management Programme' (ILMP), now in its fourth year, designed to best equip our senior people to lead successful businesses in an increasingly complex world of work. To date, over 100 of our global leaders have completed the programme and it will continue in FY22.

Similarly, we continue to innovate our training for new Associates and Managers so that it remains industry-leading. We maintained total classroom and on-the-job training time at c.20% of each Associate's first year, with Managers receiving on average 12 days of annual training.

Q11. What keeps you awake at night as a CEO?

A. Our markets have rebounded far stronger and faster than anyone could have envisaged a year ago. Given the positive momentum we now see across our business, most of my attention is focused on capitalising on the many opportunities in front of us.

Our success in achieving this will be underpinned by the quality of our people. I'm deeply passionate about their development, motivation, and our succession planning. Making sure we have the right internal talent for both today and for the future is a vital part of my job.

Supported by our financial strength, we started making strategic investments well before our end markets started to recover. This gave us an excellent head start for growth but there remains a lot to do. My ambition is that we emerge from the pandemic much stronger in every way, with significant profit runway ahead of us.

The pace of change in digitalisation has been breath-taking in the last few years, but it will only accelerate from here. This has big implications for all businesses, and as well as being at the forefront in helping clients find the digital talent they need to grow, we are continuously seeking to improve how clients and candidates engage with Hays and how we deliver back to them. Superior customer service is what should stand us apart from our rivals and we are actively designing how that experience can be improved across everything we do.

With increased digitalisation comes greater cyber threat. We take this threat extremely seriously and it occupies a central position at Board level. It is my job as CEO to be 'professionally paranoid' around the subject and do everything we can to protect our systems and our candidate, client and employee data. It is a continual battle, but our IT, Legal and Operations teams' level of engagement gives me great comfort as CEO. However, we can never be complacent.

We have all learned valuable lessons in the last year, me included. Those lessons are helping us transform our business in so many ways and we have raised our already-high ambitions for the Company to new heights. There's no reason why we cannot achieve them if we challenge ourselves hard, set aspirational targets and relentlessly focus on doing whatever we need to do to get there.

The ongoing cyclical recovery is a strong tailwind for us, but the long-term structural opportunities are where the real value lies, and we want to open up those opportunities sooner rather than later. But we must never forget that our business is about helping people. Last year we helped more than 280,000 people find their next job, and over 40,000 clients find the talent they need to grow. That's massive scale on a global stage, but next year those numbers will be even larger.

Never has our role in helping people develop their careers and finding highly skilled workers been as relevant. What we do is important to so many people's lives and I am honoured and privileged to lead a business that makes such a contribution to our societies and communities.

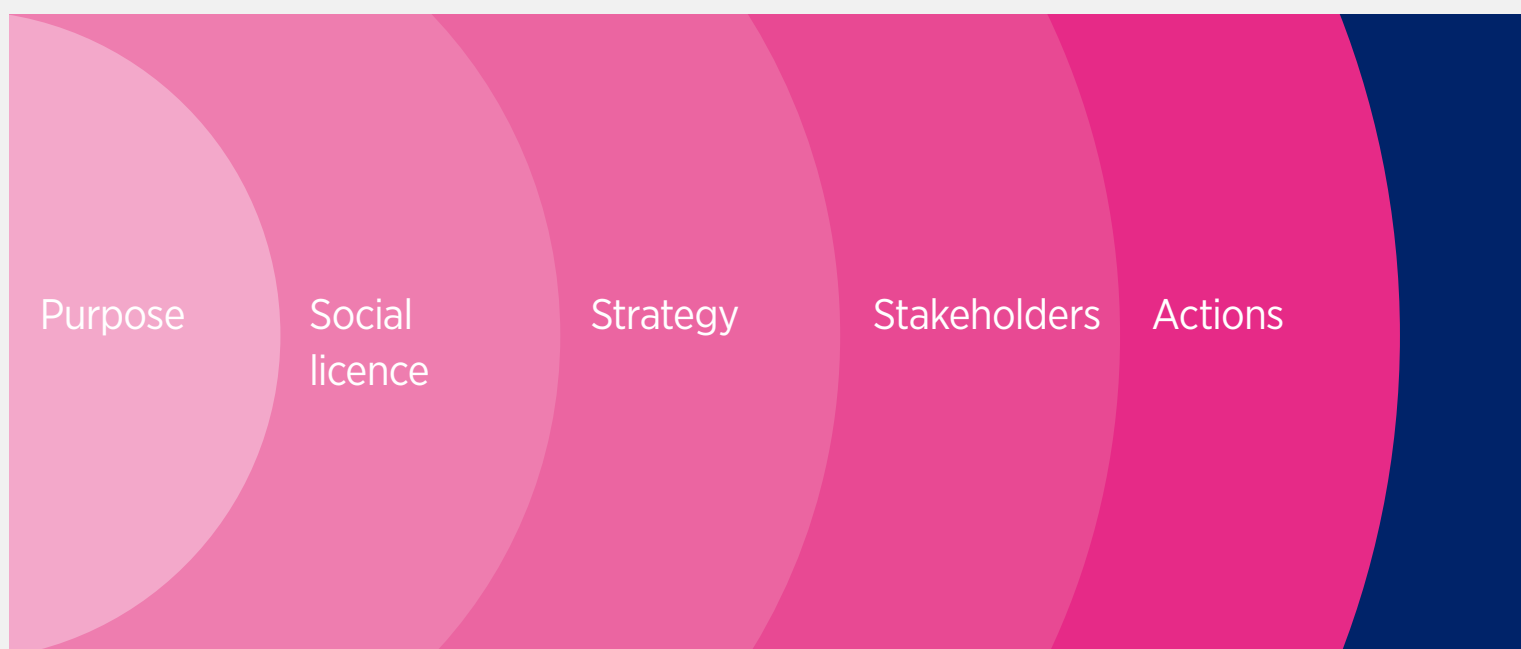
Alistair Cox

Chief Executive

OUR PURPOSE DRIVES OUR ESG FRAMEWORK, WHICH IS INTEGRATED IN OUR STRATEGY AND DECISION-MAKING

‘Doing the right thing’ is our core value, framing how we interact with our many stakeholders. This enables us to continue building a business which is not only sustainable and stronger for the future, but which has a positive impact on our clients, candidates, employees, communities and beyond.

Our purpose and commitment to sustainability frame our strategy and how we operate...



Our purpose is to bring opportunities to people, helping them to improve their lives and fulfil their potential. Over many years, we have helped millions of talented individuals develop their careers, and we are deeply committed to helping many millions more in the future.

Our ‘social licence to operate’ and reputation are underpinned by this purpose and by the ongoing sustainability of our business. We are determined that ‘Our Hays Story’ is a sustainable one, in terms of our role in the communities we operate in, our business operations and our ability to substantially grow profits and cash flow in the long term.

Our strategy to be the world’s leading specialist recruiter is based on forming lifelong partnerships with candidates and clients, providing them with a first-class service and doing the right thing by our varied stakeholders. This means putting Environmental, Social & Governance (ESG) matters at the heart of our business and strategy. Having committed to endorsing two of the United Nations Sustainable Development Goals last year – Gender Equality, and Decent Work & Economic Growth – we have extended our focus this year to a third goal, Climate Action.

Our stakeholders are central to how we integrate our strategy with our responsibility to build a sustainable business. We are committed to engagement with our stakeholders and to uphold clear policies and targets to deliver a more sustainable business, while driving profitable, cash-generative growth.

Our actions this year have demonstrated significant, tangible advancement of our ESG strategy. This included our Net Zero/Carbon Neutral commitment, launching Hays Helps, significantly increasing the free training content available on our learning portals and enhancing our Equity, Diversity & Inclusion (ED&I) policies via our global ED&I council. For example, we have set a clear target to have 50% female senior leaders by 2030 (top 560 leaders).

How we make decisions

The Board's decision-making process is structured around a comprehensive assessment of the principal risks facing the business together with feedback and input from different internal and external stakeholders. The Board has an active role in stakeholder engagement, for example meeting local management teams and employees during office visits, and via the Chairman's meetings with our large

institutional investors. Engaging with our stakeholders means the Board is better placed to understand what is important for the near and the long term. This then helps position how principal risks are assessed and enables the Board to make more informed decisions which support how we deliver our strategy most successfully, and in the right way.

i For more on Board decision-making **see page 73**

...and this drives our strategic decision-making process

Insights

Stakeholder engagement & material topics

i For more **see page 16**

Global megatrends

i For more **see page 24**

Principal risks

i For more **see page 55**

Board review

- Our CEO and the senior management team, comprising Management Board and Operations Board, formulate the Group's long-term strategy
- The Board dedicates regular time to focused discussions concerning Group strategy as well as addressing critical short-, medium- and long-term issues with decisions which endorse the Group's strategy
- The Board reviews progress of delivery of the Group's strategic goals, together with regular strategic reviews of our business units

i For more on Board Activity **see page 72**

Strategy

Our clear strategic priorities deliver our long-term aims. Specifically:

- Materially increase and diversify Group profits;
- Generate, reinvest and distribute meaningful cash returns;
- Invest in people and technology, responding to change and building relationships; and
- Build critical mass and diversity across our global platform.

i For more on strategy **see page 34**

Capital allocation

Underpinning our strategy, we have a transparent approach to capital allocation, with clear cash flow priorities:

- Fund organic Group investments and development;
- Maintain a strong balance sheet;
- Deliver a core dividend which is sustainable, progressive and appropriate; and
- Return surplus cash to shareholders via special dividends.

i For more on capital allocation **see pages 11 and 47**

Determining the most important stakeholder issues means identifying and assessing themes and issues that are material to our business and to our stakeholders. Leveraging these insights is an integral part of how Hays formulates and delivers its strategy. Matters are evaluated in terms of their potential impact in the short, medium and long term, and drive our planning processes to create the most value possible for the future.

Core to our decision-making is maintaining an open and effective dialogue with stakeholders to help us ensure our strategy is supporting our aim to do the right thing for stakeholders. This is at the core of how decisions are made as it fuels the Board's consideration and discussion of matters of material importance to internal and external stakeholders.

Hays' culture, management and governance structures are shaped by our Purpose and our recognition of needing to protect and enhance our social licence to operate.

The Board understands the need to steer the business not just for the near term, but also to ensure the success of the business in the long term. An example of this was the Board's strong support for our Strategic Growth Initiatives, as discussed on page 8.

As part of working to promote the success of the Company, the Board supports senior management in devising and delivering the Group's strategy. This includes the need to take into account the different issues and aspirations pertinent to each of our stakeholder groups.

UNDERSTANDING AND CREATING VALUE FOR ALL OUR STAKEHOLDERS

We have built strong relationships over many years with a wide range of stakeholders. Their trust and support enables us to build a more sustainable, resilient business which operates responsibly and creates a wide range of stakeholder benefits; helping individuals succeed and enabling organisations to thrive.

Our key stakeholders and how we engage with them

What was important in the year



Employees – 10,800+ colleagues worldwide. Our greatest asset

We invest substantially in training and building our culture to ensure Hays is a great place to work. As well as regular communication via newsletters, townhalls and steering committees, the Group also undertakes regular global employee engagement surveys, including two in FY21. The results are analysed by regional and executive management and presented to the Board.

- Support for coping with the challenges of Covid-19
- Mental health and wellbeing training
- Changed working conditions – e.g. Equity, Diversity & Inclusion; supporting hybrid working
- Returning to headcount growth in H2, including our SGI programme



Candidates – individuals we are connecting to the world at work

By building long-term relationships with candidates, we help them fulfil their career ambitions. Our engagement is multi-channel, working through our website, social media, flagship publications such as the Hays Salary Guide, and Hays Thrive, our free-to-use Training & Wellbeing platform.

- Market insight, expert advice & support through Covid-19
- Investment in customer experience
- Tailoring Learning & Development to respective upskilling, re-skilling and career requirements



Clients – organisations whose staffing needs we support

We consult with our clients, helping them find the talent they need to deliver their growth plans. Understanding their needs helps us achieve lasting impact. We provide clients with free access to Hays Thrive, enabling them to support their employees' learning, development and mental health needs.

- Delivering a professional service, responding to rapidly changing conditions and helping solve skill shortages
- Providing support through the challenges created by Covid-19
- Insight into recruitment trends and market comparisons



Communities – the many local societies in which we operate

We seek to have a positive impact by engaging with our communities, actively providing support, career advice and training. Hays Helps, launched in FY21, is a major part of that strategy.

- Response to Covid-19
- Launch of Hays Helps, community involvement and significant local charity fundraising and volunteering, seeking to enhance socioeconomic development
- Livelihoods and job creation



Natural environment – operating in a sustainable way

We have committed to becoming a Net Zero company, setting ambitious targets to halve our GHG emissions by 2025 and reducing our broader environmental impact year-on-year. Our Net Zero Working Group is developing strategies which will underpin our Science-Based Target on carbon emissions' reductions.

- Increasing internal and external awareness of our environmental impact abatement strategy
- Establishing a pathway to being a Net Zero company, including appointing Net Zero partners
- Becoming carbon neutral for the first time and purchasing a long-term supply of certified carbon offsets



Shareholders – our long-term capital providers

We actively engage with the investor community through meetings, roadshows and conferences, and are very grateful for their long-term support. The Board receives regular updates on investor themes and questions and the Chairman also hosts meetings with some of our largest institutional investors.

- Our response and adaptation to Covid-19
- Update on the use of cash, including our dividend policy
- Clear and consistent communications and transparent reporting
- Sustainability strategy, with particular focus on ESG



Suppliers – organisations involved in supporting Hays' operations

We are committed to treating our suppliers fairly and with respect and publish a Supplier Code of Conduct on our website. As part of our Net Zero journey, we have contacted landlords and are beginning discussions with suppliers, to assess their commitment to reducing environmental impact and increasing societal engagement.

- Consistency through Covid-19
- Clear Supplier Code of Conduct
- Partnership in reducing environmental impact



Host countries and governments – administrations in our markets

Hays contributes to economies and society both directly and indirectly, through the taxes we pay, the jobs we fill, the candidates we help upskill and the local business opportunities, education and community initiatives we support.

- Supporting public sector administrations through Covid-19
- Ensuring worker tax and regulation compliance

The importance of stakeholder engagement

Hays understands its responsibilities to multiple stakeholders. By engaging with our stakeholders, we are better able to understand their needs and strive to surpass their expectations. We appreciate the impact the right individual can have on an organisation and how the right job can transform a person's life.

This is the essence of our purpose – to benefit society by helping people succeed and enabling organisations to thrive, creating opportunities and improving lives. Our behaviour is steered by our values, specifically to be: Passionate about people, Ambitious, Expert, Insightful and Innovative. By demonstrating these qualities, we are able to best deliver for our stakeholders, seeking to make a substantial, positive difference for each of them.

Throughout FY21 we have maintained close contact with our key stakeholders including: regular engagement with our shareholders, including our non-pre-emptive equity placing; frequent engagement with employees, clients and candidates through the pandemic, including launching Hays Thrive, our free-to-use wellbeing platform; and engaging with communities by endorsing three United Nations Sustainable Development Goals and focusing our charitable efforts on activities which support our purpose via Hays Helps.

How we create value

Everything we do is focused on placing the right people into the right roles and striving to do the right thing for our multiple stakeholders



Our people, candidates and society

We help hundreds of thousands of people each year in their career journey, and tens of thousands of organisations source the skills they need to grow. This all contributes to the wider growth and success of the economies and communities in which we operate, and helps maximise tax revenues.

Partnerships and collaborations

Our philosophy is not just to invest in our own technology solutions, but also to build strong collaborations with leading innovators and influential organisations. This creates mutually beneficial relationships which help us better understand and serve our clients and candidates, and enhances our ability to better respond to fast-moving market developments.

Technology and data

We have built a sector-leading global technology infrastructure which is able to interact with other applications and third-party technologies. This, together with our investment in data analytics and digital marketing, enables our consultants to source real-time, accurate information on their market and ultimately to get the best candidates to clients faster than anyone else.

Brand

Our reputation as a world leader in specialist recruitment is supported and reinforced by our world-class, globally consistent brand. We constantly focus on building wider recognition of Hays as a market leader through partnerships with other organisations and by building a portfolio of high-quality, respected publications that demonstrate the thought-leadership of Hays and our people.

Stakeholder actions and benefits

Employees

2,607 colleagues were promoted. We estimate that 20% of first-year consultant time is spent in training and development. We have set a target of 50% female out of our top 560 managers by 2030 (FY21: 42%)

Candidates

We helped c.280,000 candidates secure their next role. Over 870k online learning courses were consumed on our portals, with over 26 million minutes of training undertaken

Clients

We worked with c.40,000 clients to help them find the skilled people they need to prosper. Over 16,000 clients have signed up to Hays Thrive

Communities

The launch of Hays Helps enables colleagues to volunteer time and resources to charities and initiatives that align with our Purpose

Natural environment

We became a carbon neutral business in FY21 and are on a pathway to Net Zero. We are in the process of establishing a Science Based Target for emission reductions, which we will register in FY22

Shareholders

Our highly cash-generative business model is focused on creating superior value for shareholders through the cycle. The Board has proposed to resume our core and special dividends

Suppliers

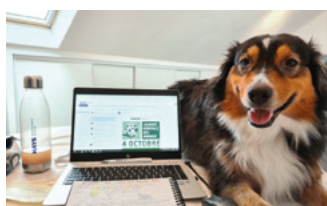
Our Code of Conduct is designed to ensure high ethical standards and foster long-term relationships

Host countries and Governments

Hays' FY21 tax on profits was £26.6m. In addition, Hays collects over £1 billion of VAT and employment tax on behalf of authorities worldwide

OUR ESG STRATEGY IN ACTION

We are committed to making our business sustainable over the long run, including our Net Zero commitment. In support of our sustainability strategy, we have made many important Group and regional decisions through the year. We are making good progress, however, we recognise that this is a journey.



Developed and promoted flexible working policies

We strongly believe that equipping our consultants with an effective range of technology tools improves their productivity. Our technology stack was instrumental in ensuring our seamless transition to remote working due to the pandemic, with complete operational continuity. We have sought to deliver all of this while boosting our company culture through team events, virtual catch-ups and providing industry-leading training.



Furthered our candidate development programme

We are proud to have placed over one million people worldwide in their next job over the past four years. As part of our Group strategy, during lockdown last year we launched Hays Thrive, our free-to-use online Training & Wellbeing platform, which is designed to help candidates upskill and to help employees deal with difficult times. So far, over 16,000 clients have signed up, with over 70,000 user accounts created and over 26 million minutes of content consumed.



Enhanced the client centricity of our business model

We have built deep trust with our clients over many years, underpinned by the reach and depth of our engagement with them. Our technology infrastructure enhances consultant productivity by helping them to quickly find the most suitable candidate for each job. Our sophisticated in-house analytics are combined with best-in-class external tools to increase our understanding of a candidate's career journey. This enables us to support candidates with services such as learning pathways.



Launched our Hays Helps programme

The Hays Helps programme has been established to focus and align all of Hays' global volunteering and fundraising activities towards ensuring we are supporting the communities and societies we serve. We do this by helping to lift the employability of people who may not have the same opportunities as others and protecting the environments where we are based.



Reaching carbon neutrality and our commitment to Net Zero

In February 2021, Hays committed to becoming a Net Zero company. We are currently in the process of establishing our Science Based Target (SBT) on carbon emissions, which will align with the Paris Agreement's commitment to limiting climate change to 1.5°C and be registered with the SBT initiative. Ahead of achieving Net Zero status, we have purchased the requisite certified carbon removal credits relating to the carbon emissions we cannot avoid at the moment. Hays is proud to have become carbon neutral in FY21, having calculated and offset all aspects of its Scope 1 and 2 and selected aspects of its Scope 3 greenhouse gas emissions.



Updated capital allocation policy

The Group's cash generation and working capital management have been considerably more resilient than our modelled scenarios at the time of our equity issuance in April 2020. Given confidence in our growth prospects, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence per share, and also proposes the return of £150 million (8.93 pence per share) surplus cash in November 2021. The Board also expects to resume ongoing special dividends in FY22, and our long-term policy will be based on paying capital above our cash buffer at each financial year-end of £100 million.



Invested in Strategic Growth Initiatives (SGI)

In the year, we invested c.£15 million of additional operating expenditure to be focused on over 20 accelerated headcount investment projects in attractive structural growth markets such as Technology, large Corporate Accounts and Life Sciences in Australia, Germany, the USA, UK, Asia and France. SGI will position us to build much larger businesses in the most in-demand recruitment sectors of the future.

We have made very good progress in SGI, adding c.250 people in FY21. In FY22, we anticipate investing a further £20 million in SGI, including c.350 further consultants.



Developed our Equity, Diversity & Inclusion strategy

Equity, Diversity & Inclusion (ED&I) has progressed from being an important, but locally-managed, matter into being a 'Tier-one' priority issue for the whole business. It is a fixed item at the Management and Operations board meetings and every region globally is now committed to specific ED&I objectives with a plan of action to achieve them. We are committed to making Hays an equitable, diverse and inclusive workplace.


For the first time, we have set a target to be 50% female in our top c.560 senior leaders by 2030.


ESG strategy delivery


The below table provides examples of some of the initiatives which are helping us deliver on our ESG strategy across the business.

In addition, the Group has set a target to reduce air travel by c.40% by 2025, by promoting technology for virtual meetings (see page 9).

Region	Environmental	Community & Charity	Colleagues	Clients & Candidates
Australia & New Zealand	<ul style="list-style-type: none"> Secured renewable energy supply across most of our offices Introduced a policy whereby new joiners to the car scheme can only choose hybrid vehicles, and much greater availability of full electric vehicles 	<ul style="list-style-type: none"> In New Zealand we partnered with BE:Lab to volunteer time to mentor disabled workers to support them returning to work Celebrated National Aborigines & Islanders Day Observance Committee (NAIDOC) week 	<ul style="list-style-type: none"> Launched the ANZ Pride network, supported by over 60 members Received the 'At Work' Australia Disability Employment Services Award, recognising our commitment to inclusivity 	<ul style="list-style-type: none"> Hays Reflect Reconciliation Action Plan (RAP), which seeks to promote Aboriginal Engagement. In FY21, 5% of total candidates placed across our top-10 clients identified as indigenous
Germany	<ul style="list-style-type: none"> 92% of offices now on renewable energy tariffs Currently conducting a detailed, long-term Mobility review to help shape a lower-emission vehicle policy 	<ul style="list-style-type: none"> Directly financed a paediatric oncology doctor in Heidelberg Supported Action for Children with Cancer, which provides art and music therapy for children with cancer Worked with Das Macht Schule Förderverein, which promoted dialogue-based digital teaching for pupils during lockdown 	<ul style="list-style-type: none"> Founded and supported a variety of employee resource groups: <ul style="list-style-type: none"> Hays Pride Network (LGBTQ+) Lioness Network (Leading Women) HaysD@ds (Fathers) Entered the Top-10 Women Career Index 	<ul style="list-style-type: none"> We offer financial scholarships to fellows from the universities of Mannheim, Bayreuth and Mainz. Students also receive non-material support through lectures and workshops we provide in cooperation with Mentoring Programmes at universities
UK & Ireland	<ul style="list-style-type: none"> 100% of offices now on renewable energy tariffs Policy limiting new car purchases to electric, hybrid or ultra-low emission vehicles 'Zero Heroes' initiative to completely remove single-use plastic from our offices Significant investment in data centre infrastructure to lower carbon emissions by c.40% 	<ul style="list-style-type: none"> Supported 'End Youth Homelessness' (EYH) to provide homeless young people with support to develop key skills and move into meaningful education, employment or training. Over 550 young people received support in the first 18 months Partnered with Camara Education to donate surplus IT equipment to schools in Africa, positively impacting the education of over 6,000 children 	<ul style="list-style-type: none"> Focused on engagement and talent attraction via networks (e.g. Parents@ Hays, UK&I Pride) and worked to support under-represented groups (e.g. those living with a disability) Set up a UK&I Wellbeing Steering Committee to help improve wellbeing 	<ul style="list-style-type: none"> Our work with EYH included coaching EYH candidates through the recruitment process for specific roles with two clients (Tarmac and Birmingham City Council). This enabled clients to access broader, hard-to-reach talent and supporting previously homeless people into work
Rest of World	<ul style="list-style-type: none"> All offices in France and Italy now on renewable energy tariffs Exploring renewable energy with landlords in other regions Increased electric vehicle availability in car schemes Launched bike leasing programme in Belgium to reduce car use 	<ul style="list-style-type: none"> In the USA, our colleagues held various career education awareness programmes, mentorship programmes and donation drives in partnership with Think Big For Kids Supported 'Les Apprentis d'auteuil' in France, which offers professional support and training to vulnerable young people 	<ul style="list-style-type: none"> Several ED&I initiatives underway, including: <ul style="list-style-type: none"> The USA achieved its target to have a workforce which is 30% BIPOC within six months Seeking to improve hiring practices related to those with disabilities Pride networks across markets 	<ul style="list-style-type: none"> We mentor young people from socially disadvantaged backgrounds in the Czech Republic, providing career advice and running interview workshops Advocated and supported inclusive hiring across the Rest of World business

 Read more in the Sustainability section **see page 48**

 Read more about the Section 172 declaration **see page 62**

 Read more about Board's decision-making flowchart **see page 73**

SUSTAINABLE GLOBAL BUSINESS MODEL, LOCAL EXPERTISE

Having a balanced exposure within and between our markets is key to driving performance, particularly in times of economic recovery. We have a high-quality business with scale, breadth and diversity of exposure, designed to deliver a more sustainable strategy for stakeholders in the near and long terms, including capitalising on the megatrends driving our industry.

Our business has scale, breadth and diversity of exposure. It is purposely built to take into account the megatrends driving change in our industry, and also to best withstand turbulent economic times.



Exposure to mature and less mature markets

Structural growth markets are those where the use of agencies such as Hays to source skilled candidates is still a relatively new practice. Traditionally in these markets, this recruitment is undertaken by companies themselves, using hiring teams within their own HR functions.

An important driver of our growth remains the first-time outsourcing of this recruitment to third parties. This means that these markets are relatively less cyclical, and relatively less driven by the prevailing economic backdrop, or short-term sentiment. Markets which are more mature are those where the use of agencies is a well-established, long-standing norm. Here, clients will use agencies to help them fill roles in the majority of cases.

As such, these markets are more cyclical in nature, with activity levels dependent far more on business confidence and the amount of job churn occurring at any particular time.

Net fees by clients

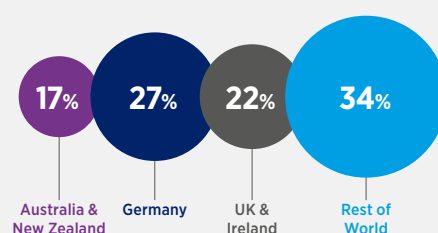
Top 50

c.15%

Other clients

c.85%

Net fees by geography



Global integrated business

By having a single culture, brand and technology platform, we can drive significant synergies across our network. We can also deliver leading service to our largest global clients.

We are positioned to help clients globally, but also understand the needs and challenges of our clients and candidates locally.

In most of our 33 countries, we still have significant scope to in-fill from our current 20 specialisms. For example, our average RoW country has exposure to only eight specialisms, while Germany, where we are by some distance the market leader in white-collar recruitment, has only ten specialisms.

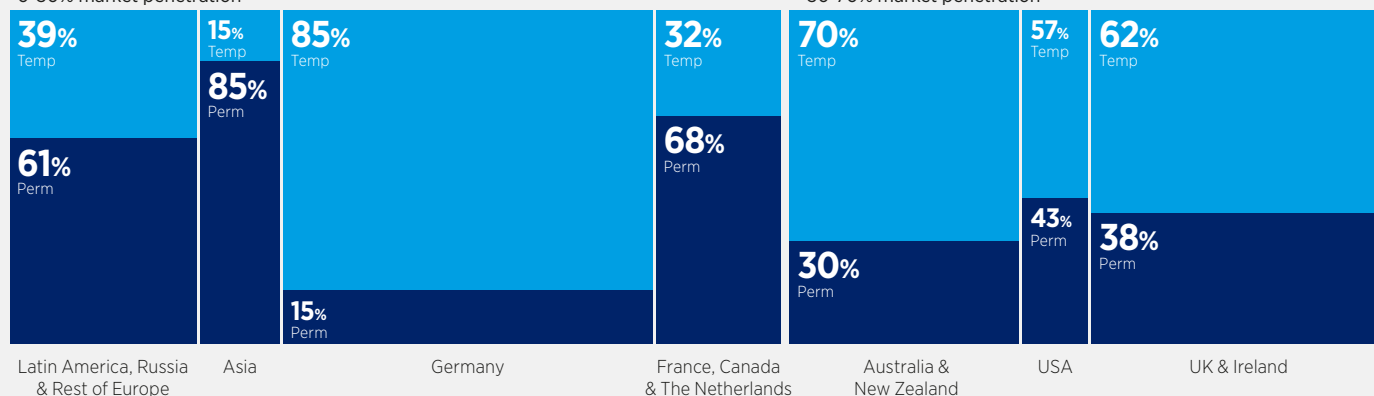
By bringing existing global expertise to new markets, we can grow in a relatively low-risk fashion, leveraging existing infrastructure and country management. For example, we are the global leaders in Accountancy & Finance (A&F), yet we only introduced the specialism to the USA, the world's largest A&F market, in 2019.

Net fees by geography, type and market maturity

Structural/less mature

56%

0-30% market penetration

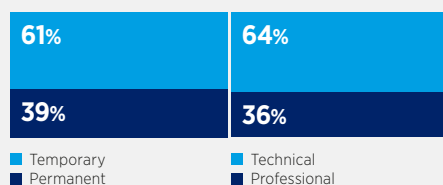


As part of our Strategic Growth Initiatives, we are investing to grow our presence and take market share in areas such as Technology, large Corporate Accounts, the Green Economy and Life Sciences.

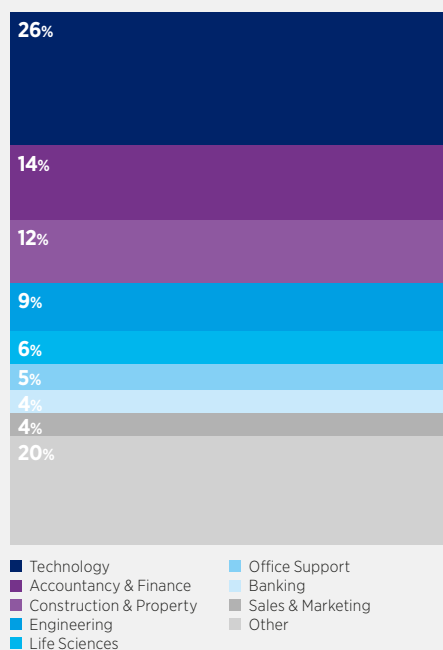
Scope for our people to move worldwide

Given travel restrictions, only a few colleagues transferred internationally within Hays in FY21, down from 69 in FY20. However, we aim to restore this practice as soon as countries re-open, as it reinforces our culture

Net fees by contract and job type



Net fees by specialism



while giving them exciting new opportunities globally. We want to keep the best talent within Hays, which is in the interest of our clients, candidates and shareholders.

Lifelong partnerships

Millions of relationships are formed and nurtured by Hays consultants, which sit at the heart of our business. By becoming trusted advisors to talented people, helping them navigate their careers and fulfil their potential, we unlock significant new business opportunities.

By providing the highest quality of service, clients can count on us to provide them with unrivalled access to top talent, and to provide market insights to help them scale and flex their evolving workforces.

Our rapid move to remote working globally as lockdowns were implemented ensured complete continuity of quality service. We rolled out our Hays Thrive training platform during the crisis. This ensures they can continue developing and upskilling, with over 850,000 courses consumed in FY21. Hays Hub, our Temp platform app, now has over 5,800 UK schools signed up to our Education Training programmes, including 'Safeguarding Complete', 'Core Compliance' and 'Wellbeing First'.



Our Hays Stories

To listen to many expert insights from our country leaders please go to:
<https://social.hays.com/podcasts/>



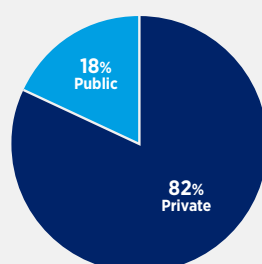
A balanced and diverse model

We have deliberately and strategically built a business which is balanced and diverse. Within our network, we have exposure both to more cyclical, mature markets such as the UK and less mature, structural growth markets such as Germany and in Asia. We have deep scale and expertise in 20 specialist areas of skilled employment.

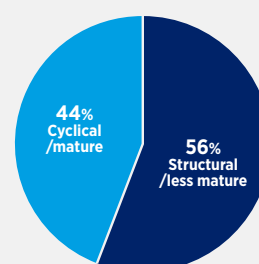
We are predominantly Private sector-focused, but also serve Public sector clients in some markets. Within our portfolio of services, we work on one-off placements for SMEs and global multinationals, as well as contract-based, higher-volume recruitment for our larger clients. The balance, breadth and scale of our business is unique in the world of specialist recruitment. This is a key differentiator, which we believe is important as it makes our business and its earnings relatively more resilient to today's ever-changing macroeconomic and political landscapes.

The result: a balanced and diverse model, working through the cycle for all our stakeholders

Net fees by client type



Net fees by market maturity



Net fees by business



HOW DOES THE FLEXIBILITY OF HYBRID WORKING HELP YOU DO YOUR JOB?

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Many industries have changed significantly as global society has adapted to a new way of working due to the pandemic. Results are far more important than the hours we sit in an office. By having this hybrid work pattern at Hays, it allows us to create a workplace that we feel highly comfortable in, enabling us to eliminate distractions. Giving us flexibility in conducting our day-to-day work is something that I could only previously dream of, and it is now a reality.

Hassan Berrada
Germany

The flexibility of working from home has allowed me to be both a much more present Director for my team and present mother to my son. I am in a national role and I have found that since we now work through video chat, I have been able to form incredibly deep relationships with my team in different regions. My team in each region works very well together and even though they weren't in the 'same office', they still feel a connection to one another.

Taryn Beber
Canada

The hybrid working world is a world I never thought I would see, however I feel this has hugely increased both my team's and my performance. Hybrid working has had a huge impact on wellbeing and work-life balance across the team. It has given us more time, definitely increased productivity across the office and also improved our culture when we are in the office. I also strongly believe that this will play a huge part in allowing us to both attract and retain the right talent in the business.

Isobel Grieve
UK

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OUR HAYS STORIES

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Hays acted extremely quickly when the pandemic hit. Our transition to working from home full-time was as smooth as anyone could have hoped for and we were given the correct tools and support needed to carry out our day-to-day responsibilities. Since normality has started to gradually return, the hybrid working model offers the opportunity for a better work-life balance. After the amount of time we were forced to work remotely, I can now fully appreciate the benefits of a high-energy Hays office environment.

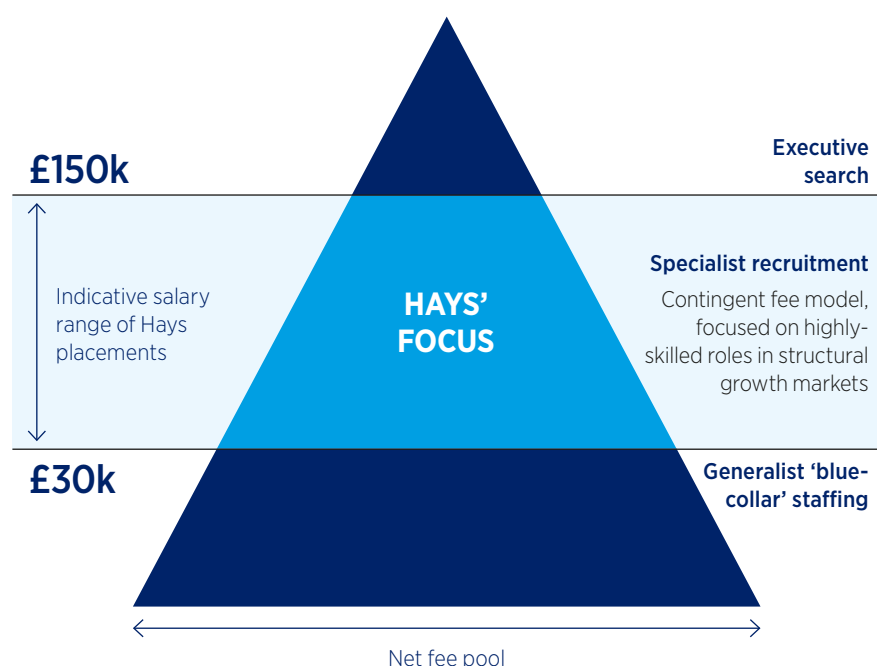
Mark Paul
UAE

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LEADERS IN THE GLOBAL JOBS MARKET

Hays helps organisations find the talent they need to grow and prosper, and supports people as they build their careers. As people choose new ways to work, and use new technologies to access job markets, we are also evolving.



The competitive environment

We are leading global recruiting experts, focusing on 'white-collar' skilled or specialist recruitment. The salary of the candidates we mainly place ranges from c.£30,000 to £150,000 per annum. 61% of our FY21 fees come from Temp and Contracting assignments, while 39% comes from Perm placements.

We operate across 20 specialisms, with over 60% of our fees in white-collar 'Technical', project-led areas such as Technology, Life Sciences, Engineering and Construction & Property. We view this as a strength of our business, with Technology and Life Sciences in particular showing relative resilience through the pandemic.

We embrace digitalisation; developing technology to help our consultants match candidates with clients' roles faster than previously possible. Our 'Find & Engage' recruitment model and Hays' Approachability Index sit at the heart of our process (see page 32). These form part of how we build wide and deep talent pools, using

our strong brand, online presence and relationships with digital platforms such as LinkedIn and Xing to support more clients and candidates than ever.

The business adapted quickly to the challenges of remote and hybrid working. Client and candidate relationships were deepened and new ones built during lockdowns.

What remains constant is the art of placing the right person in the right job, and our belief that megatrends are shaping future employment markets and career styles (see pages 24 and 25). The prize for adding real human value and insight in a digital world is significant.

Despite the fragmented nature of our industry, in the majority of markets, the main competition we face is from in-house recruiting teams within corporate HR functions. Yet, our relationship with in-house HR teams is often symbiotic, as they are frequently our largest clients.

Our transition to remote working was seamless, and our systems are now supporting hybrid working, underpinning strong client service. In FY21 we helped over 280,000 people find their next job.

We are focused on further enhancing our leading businesses in structural growth areas such as Technology, Life Sciences, Engineering and the Green Economy.

We estimate that in more mature markets such as the UK or the USA, c.80% of addressable skilled jobs are filled via recruitment agencies. In less mature markets such as Germany and parts of Asia, our analysis suggests this figure is only c.25%. First-time outsourcing remains a key structural growth driver in many of Hays' markets.

The competitive landscape across most of our markets is characterised by numerous recruitment companies, often very small and focused on local, niche markets. There are a few, large global players. The main UK-listed specialist recruitment businesses are PageGroup, Robert Walters and SThree. Each has different exposures and mix, but are present in many of our markets.

Robert Half has a large US presence, mainly in Accountancy & Finance and IT, and also has some international exposure, and there are also sector or region-specific businesses such as KForce in the USA, or Amadeus FiRe in Germany. We also compete with larger 'generalist' recruiters such as Adecco, Randstad and Manpower, who have some operations in specialist recruitment, but are predominantly focused on lower-salary, 'blue-collar' markets.

We have deliberately built a balanced business exposed to mature, cyclical markets and structurally emerging markets. The former gives us economies of scale, with advantages on fixed costs and brand awareness. The latter enables us to capture growth in under-penetrated markets, including transferring expertise from established markets. In FY21, the majority of our net fees, 56%, were generated in less mature markets, with 44% in more mature markets. This compares to 22% and 78% respectively in 2008.

Australia & New Zealand

- Fees down 10%, with Temp down 11% and Perm down 6%
- Trading conditions materially improved towards the end of the year, particularly in Perm
- Good cost control in very tough market conditions
- New Zealand produced a strong performance with fees up 14%

The initial phase of the pandemic was less severe in ANZ than our other regions. Once the long-term lockdowns in Victoria ended in November, we quickly saw positive momentum return in both Temp and Perm, particularly in our fourth quarter.

The Australian economy has historically benefited from population growth via inward migration, which has been prevented by closed borders due to the pandemic. From a labour market point of view, this has increased skill shortages and may result in increased wage inflation.

It is too early to quantify the negative impact on ongoing business activity from lockdowns implemented in July/August 2021 in most states and how long this will last.

i For more information [see page 39](#)

Germany

- Fees down 7%, with Contracting down 5%, Temp down 3% and Perm down 18%
- Strong sequential fee growth through FY21, especially in Contracting, driven by rising business confidence
- Temp under-utilisation issues resolved during the first half, and high levels of utilisation in the second half

The labour market in Germany improved strongly through the year and we ended FY21 with a record June number of contractors.

Business confidence increased in all sectors, including in Automotive, which had been tough even before the pandemic given the global trade war and falling demand for diesel vehicles.

Longer term, we remain convinced that skill shortages and demographic changes will drive far greater use of flexible skilled labour in Germany.

i For more information [see page 40](#)

UK & Ireland

- Fees down 11%, with Temp down 9% and Perm down 14%. Both Temp and Perm delivered sequential fee growth in each quarter
- Public sector outperformed the Private, however we saw a strong recovery in the Private sector in the second half
- Strong sequential fee growth in the second half drove a return to profitability in H2

In the initial phase of the pandemic, the UK & Ireland was one of our hardest-hit job markets we operate in globally. Conditions then began to improve sharply in the autumn of 2020, and recovery continued into 2021. We see significant long-term opportunities for growth in sectors like Technology, Life Sciences and the Green Economy.

While Brexit has created significant uncertainties for the UK economy in recent years, the impact on Hays' business activity has so far been relatively modest.

i For more information [see page 41](#)

Rest of World

- Fees down 6%, with H1 down 21% and H2 up 14%
- Despite the pandemic, six countries delivered record performances including the USA, Malaysia and Switzerland

In the initial phase of the pandemic, job markets in EMEA ex-Germany were significantly impacted by strict lockdowns. Encouragingly, activity recovered sharply through the year.

In Asia, Mainland China was one of the first countries to ease restrictions and activity has recovered to above pre-pandemic levels. Japan remains more muted, while activity in Malaysia improved through the year, despite relatively strict lockdowns.

Job markets in the Americas were led by the USA. Having been deeply impacted in the early phases of the pandemic, hiring sharply increased through the year.

i For more information [see page 42](#)

Our Hays Stories: Supporting under-represented talent

In FY21, Hays supported Tarmac – the UK's leading building materials and construction business – to launch an innovative scheme to identify talent from under-represented groups. Hays worked with their charity partner End Youth Homelessness, who support vulnerable young adults, alongside their member charity St Basil's, to identify potential candidates and assist them with the application process, including CV development and interview coaching. As most applicants had never experienced formal interviews before, each was offered support and guidance on preparation, a process which received strongly positive feedback.

Overall, as a result of the programme, two applicants were offered roles directly, and have successfully begun new careers with Tarmac.

"It is a fantastic success story of the Tarmac/Hays relationship and I found it genuinely uplifting that those who have been involved in this have made such a difference. A flexible and modern approach to recruitment, which accounted for individual circumstances and was not based on traditional practices such as CVs, demonstrated the success of Hays' ability to think and act inventively. Hays should feel really proud of that."

Damian Mckenna
Head of HR, Tarmac

MEGATRENDS IN THE WORLD OF WORK

The world of work is being shaped by powerful megatrends, which are being accelerated by the pandemic. Our strategy is designed to capitalise on these trends, targeting structural growth opportunities within our cyclical end markets.

1. Candidates – and companies – are demanding new ways of working

Many skilled workers are increasingly seeking interesting, and often highly paid, non-Perm roles as they build 'portfolio' freelance careers.

The pandemic has enhanced the demand for flexible working for both clients and candidates. This trend is also strongly supported by remote or hybrid working. This means many white-collar candidates no longer need to live in close proximity to workplaces and we can find talent from a wider and broader pool for our clients, including internationally. We also advise clients on where to locate operations to find talent, and how to effectively deliver a hybrid work model.

Having a flexible, non-Perm skilled workforce allows organisations to convert a fixed employee cost into a more variable expense, giving cost-base flexibility.

FOR HAYS:

We believe higher skill, higher salary Temp and Contracting is a key structural growth market, particularly in 'Technical' white-collar specialisms such as Technology, Life Sciences and Engineering.

We use our expert consultants, global network, state-of-the-art technology and rich data to build deep and broad talent pools.

2. Jobs are changing and skills are increasingly short

For many industries, the pace of change has never been faster. Some sectors are in decline, others are seeing exponential growth. This is creating major dislocation in skills, with millions of people in 'old economy' roles requiring significant re-training and upskilling, to enable them to move to the newer sectors seeing strong growth in demand.

Employers are struggling to find the talent they need, particularly in high-skill, higher salary areas. This 'war for talent' may well drive meaningful wage inflation for the foreseeable future, which is positive for our fees.

FOR HAYS:

Training and upskilling is an increasing part of how we support and help develop candidates through our learning portals, including Hays Thrive.

Overall, across all our online platforms, over 850,000 individual training courses were undertaken on our web platforms during the year, equating to c.26 million minutes of online learning.

Our strategy is focused on building the strongest talent pools possible, and our SGI programme targets the most skill-short markets.

Recruitment type

Temporary and Contracting

- Respond quickly to changing market conditions
- Swap fixed employee costs into a more variable expense
- Provide rapid access to talent
- Highly compliant yet highly flexible

61%

Permanent

- Insight into candidate approachability
- Efficient outsource given our fees are contingent
- Deep industry specialism
- Access wider talent pools

39%

% of Group net fees

64%

Technical

- Jobs are more driven by client-led investment than a candidate's decision to move
- Industries characterised by skill shortages
- Higher proportion of emerging and new job roles
- Increasing propensity towards flexible working

36%

Professional

- More candidate-led process
- Often higher salary
- Scope to infill into new geographies
- Approachability Index adds competitive edge

Specialism type



3. Skill shortages are magnified in areas like Technology and the Green Economy

The pandemic has significantly accelerated digitalisation. New technologies are driving demand for high-skilled technologists globally. Almost every organisation would like more and better technology talent in areas such as data science, artificial intelligence, cyber security; and Tech ecosystems such as Salesforce, AWS and Azure.

To reach the Paris Agreement targets on climate change, trillions of dollars needs to be invested in the Green Economy. The International Labour Organisation predicts this will create at least 24 million new jobs by 2030. Additionally, the wider theme of business sustainability may also create millions more new jobs.

FOR HAYS:

We are a leading global Technology recruiter, with c.£250 million annual fees pre-pandemic. Our aim is to double this to £500 million over the next five years. We have the scale and global reach to find the best candidates for our clients.

The Green Economy includes sectors where we are global leaders, like Construction & Property. In addition, we are leading suppliers of talent into the Electric Transport, Renewable Energy and Engineering sectors.

4. Organisations increasingly need expert help to find the talent they need

Employers are struggling to locate the talent they need, particularly in high-skill, high salary areas. Yet most recruitment globally is performed in-house by HR teams.

To help win the war for talent, organisations increasingly need agencies such as Hays, who can bring a far broader and deeper pool of talent to them, from a far wider geographic area, much faster. This applies to transactional 'spot' recruitment, and long-term outsourcing.

Over half our fees today are in structurally growing markets, where the penetration of recruitment agencies is relatively low, such as Germany, Asia and parts of Europe.

FOR HAYS:

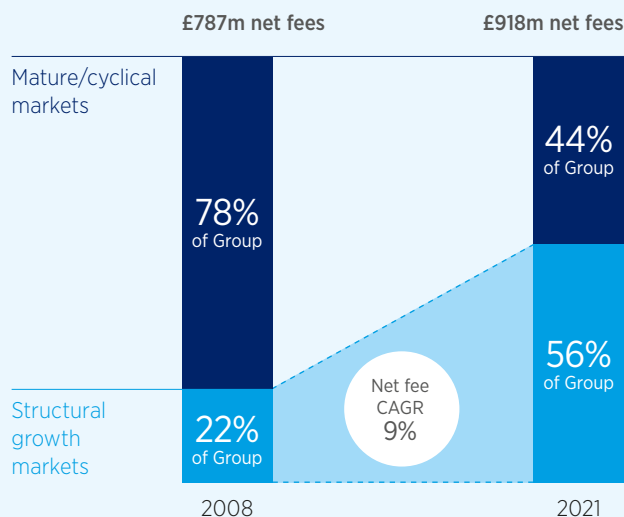
With many large corporates procuring centrally, we can closely tailor our services to clients' needs. Hays' main example of this is our Managed Service Provision (MSP) offering. We use our scale, infrastructure and deep candidate pools to manage Temp and Contract workforces on an outsourced basis.

Driving our productivity in a hybrid world: Hays Digital Manager

Hays Digital Manager collates consultants' and managers' daily processes into one, bespoke dashboard. It incorporates detailed breakdowns of all team activities, and aids sales strategies by applying machine-learning tools. This enhances focus on key clients, helping consultants and team managers structure business development plans, and tailor high priority lists.

New and experienced consultants can be coached, virtually or in-person, on how to best use the information and build their day around it. This makes processes much more efficient by streamlining how and where consultants access information. This saves time and provides near-real-time data, allowing managers to monitor and improve consultant performance. Digital Manager has a major role to play in the hybrid model of home and office working.

Over half of our business today is in structural growth areas



HOW DOES HAYS' CULTURE HELP YOU AND YOUR TEAM?

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Within our values, we are known for being passionate about people, and during this time Hays as an organisation demonstrated it. Although we lived in a situation of uncertainty as a business; the message we received was always one of concern about our mental and physical health as well as that of our families. Feeling that you are part of an organisation that truly lives its values and manages to adapt and innovate in times of crisis removes pressure. It makes our work simpler and allows us to focus on maintaining a high-quality relationship with our clients and candidates and continuing to gain market share.

Martha Sanabria
Colombia

During the challenges of the pandemic, Hays' culture taught me that there is nothing more important than paying attention to the people you work with. I have learned, and our culture helped me to understand, that it is possible to pair competitive spirit with care and support. There will be days when we need to inspire others and sometimes, when it's needed the most, we can be inspired by someone else. We all can have an impact on each other, and we need to do it every single day, with responsibility and joy.

Kővári Botond
Hungary

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OUR HAYS STORIES

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Our culture at Hays is fundamental to our success and the ability for our organisation to adapt to the external factors we have all experienced over the last year. We have hard-working and high-performing staff who have a strong sense of passion for Hays. Collaboration and the practice of regular celebration of success is what helps us bring everyone on the journey to achieve our goals. What is also incredibly important is that we have strong bonds outside of work and have always taken the opportunities to enjoy each other's company in external settings. Having worked for Hays in both Sydney and London, Hays' positive and supportive culture has been critical to my success and enjoyment of my time in the business.

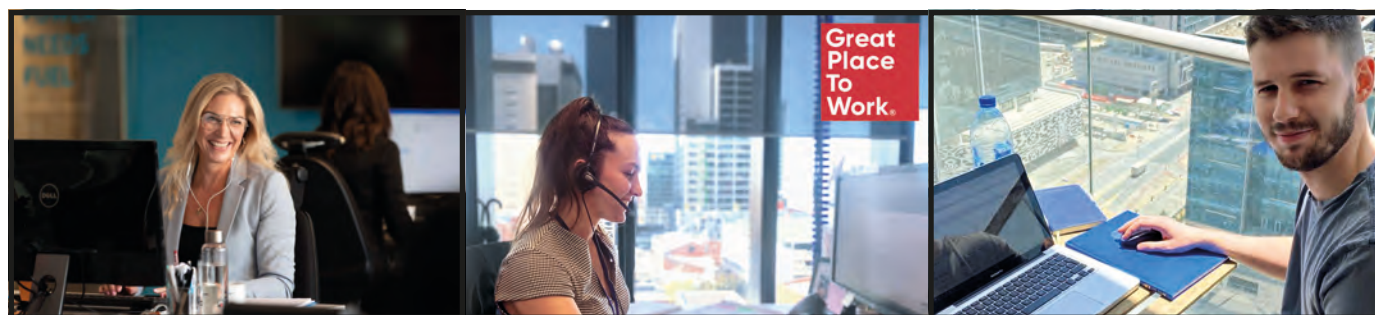
William Prest
Australia

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OUR PEOPLE AND CULTURE

To become trusted partners to millions of people and tens of thousands of organisations, you need deep sector expertise, a strong reputation and a culture which fosters doing the right thing, every day. As the pandemic's impact continued, this proved to be a major strength.



We are proud of how our colleagues have coped through the pandemic

The way in which our colleagues responded to the continuing lockdown environment was superb. From the tireless work of our IT infrastructure team, to the ways our managers inspired and motivated their teams, ensuring no dip in client and candidate contact, our people genuinely lived our purpose and values. It is at times like this that a company's culture becomes most evident.

Through lockdowns, we have sought to ensure that every colleague feels connected, informed, reassured and supported. Through often difficult decisions to protect our business, we have been transparent and open about the challenges we face, and sought to do the right thing. As people have started returning to offices, we are excited for how hybrid working is helping our business progress.

Purpose and values

Every day, our c.10,800 colleagues collectively power the world of work. We know that the right job can transform a person's life, and the right person can transform an organisation.

In helping to find talented people their next role, we benefit society by helping people succeed and enabling organisations to thrive, creating opportunities and improving lives.

i You can read more about how our purpose and values help underpin our culture and our stakeholder relationships **see pages 16 and 17**

Underpinning everything we do is our belief that we must always do the right thing. This enhances and protects our reputation, and builds trust with all our stakeholders, including candidates and clients.

Our core values are to be:

1. **Passionate about people**
2. **Ambitious**
3. **Expert**
4. **Insightful**
5. **Innovative**

The Ultimate People Business

We strive to recruit, train, develop and retain the best talent in our industry, and encourage our employees to reach their full potential through training and development.

The vast majority of our new recruits join us straight out of university on our graduate scheme, or occasionally via a vocational career or the armed forces.

We train them in the 'art' of recruitment, helping them build the depth of insight and awareness required to ensure the ideal cultural fit for any role. We then equip them with the best tools to do the job, embracing new technologies, and innovating the way we work – the 'science' of recruitment. In the digital world, giving colleagues the ability to work flexibly is vital, and in recent years we have made changes to our operating hours, plus adopted new

We are committed to providing our recruits with the best training and development in our industry. Typically, a first-year joiner will spend on average 46 days in training, helping them to climb the 'productivity curve' while embedding the Hays culture.

“Maximising organisational performance depends on us realising the full potential of our people and giving them flexibility in how they work. Our commitment to ED&I supports this, helping to develop depth of talent and diverse thinking to drive our business.”

Sandra Henke
Director of People & Culture



technologies to enable home working. However, we recognise that recruitment works best when people are part of an engaged and motivated team. We promote from within, and give our staff the opportunity to quickly move up the career ladder from Consultant to Team Leader, to Desk Head, to Sector Head and then to Managing Director.

Training and development

We have adapted our approaches to learning and development to work effectively within increasingly flexible and hybrid ways of working. This includes increasingly blended learning solutions harnessing technology whilst maximising the opportunities to connect with people face to face. Demonstrating career progression at Hays, 2,607 colleagues were promoted in the year.

Intermediate managers

We established global manager forums to share our challenges and effective ways to operate in a hybrid working environment. Output from these forums informed the innovative design of our management development programmes.

Senior managers: Hays International Leadership & Management Programme

As our leaders face the challenge of leading increasingly complex business and increasingly diverse teams we continue to develop their skills to equip them to maximise the opportunities post-pandemic and position us for the future. Elements of the programme have been redesigned to accommodate virtual learning and promote global connections and collaboration amongst our senior leaders.

In response to Covid, we have given extra prominence to developing coaching skills in our senior leadership, with particular emphasis on enabling them to support their people as they coped with the pandemic's challenges. Operating through the pandemic proved the effectiveness of remote learning, without losing the experiential nature of the learning experience.

Equity, Diversity & Inclusion

In order for Hays to thrive post-pandemic we need to maximise our people's potential and ensure we continue to attract diverse talent. Our commitment to ED&I is fundamental to unlocking that potential. Further, as part of this commitment to ED&I, we partnered with an external specialist to help identify any barriers – real or perceived – to getting in and getting on at Hays.



Building on our work in Asia, our focus in FY21 was on the USA, Germany and the UK. Our ED&I Council created workstreams to progress our ED&I agenda including: inclusive/diverse hiring; building more balanced leadership succession pipelines; and the formation of a Gender Targets Advisory Group comprised of senior women from every region. To further support our commitment to having ED&I at the heart of our culture, our leadership development programmes have an increasing focus on the development of inclusive leadership skills. The Group also set a target to reach a level of 50% senior female leaders by 2030 (FY21: 42%).

Employee voice and engagement

We continue to develop an increasingly inclusive culture, building on the opportunities that 2020 provided us to connect and collaborate. Our various channels have enabled us to engage with a broader cross-section of our people and provided more opportunities to listen directly to their challenges, opinions and ideas. As part of this, we conducted two employee engagement – Your Voice – surveys during the year.

We have continued to focus on wellbeing by providing support and a sense of connection. This was reflected in our recent Your Voice survey, which showed a 2% rise to 78% in engagement since last year. Specifically, 90% of employees agreed or strongly agreed that they have a positive relationship with their manager, 85% agreed or strongly agreed that their manager cares about their wellbeing, and 82% agreed or strongly agreed that they feel connected to their team even when not all in the office together.

The welfare and interests of the workforce have always been matters over which the Board has overall responsibility. During the year MT Rainey continued her work as designated workforce engagement director. MT's role serves as an additional and independent channel for the Board to hear directly from Hays' diverse workforce and MT participated in the design of the year's two Your Voice surveys, held consultations with the Head of Group People & Culture and reviewed the results. MT also sits on the Hays Helps Committee and participated in discussions with the Blaze Taskforce, a forum for global fee-earning people-managers to inform the Management Board about the challenges being faced by them, and with our Global ED&I Council during the year.

Eliza began her career with Hays as a graduate in 2006 and today is a Regional Director with responsibility for several New South Wales businesses. She leads a team of consultants and has won numerous quarterly and national awards for her personal and leadership contribution to Hays, and she currently sits on the NSW board and the ANZ Change Network.



Eliza Kirkby

Our Hays Stories

"My participation in the Hays International Leadership & Management Programme (ILMP) programme has had a very personal impact on me and consequently on the way I lead my business.

In particular, my mindset and belief have shifted. As a female leader, my confidence to challenge the status quo, to question why we do things a particular way, and to introduce new ideas has grown. Seeing the organisation's explicit commitment to ED&I underpins my belief in its fundamental desire to help me to fulfil my potential by helping me maximise what and how I contribute.


My growth has led to my being presented with an opportunity to put to use my passion for inclusivity and diversity. To be invited to contribute to our Global Gender Advisory Committee has enabled me to be involved in strategically mapping out Hays' pathway towards gender parity in Senior Leadership. It has been extremely rewarding to have a voice on this topic and be part of Hays' journey. The ILMP, and the ongoing value it brings to my development and the organisation, was the catalyst for this tangible progression in my career."

Eliza Kirkby
Regional Director,
Sydney, Australia

 **Find out more about People & Culture**
haysplc.com/about-us/people-and-culture

EMPOWERING CLIENTS GLOBALLY

We work with over 40,000 clients worldwide each year, across the Public and Private sectors, from the largest multinational companies to start-ups. Each relationship is based on expertise, trust, quality of service and speed to market. These attributes are vital in a digital world. We profile five relationships from different industries.

 For Divisional operating review see page 38



1 Abogen Biosciences is a discovery stage biotechnology company focused on developing nucleic acid-based (RNA and DNA) therapeutics for the treatment of cancer and infectious diseases. Hays has been supporting Abogen through its rapid expansion, assisting with building a team of experienced, expert scientists.

“Hays is a trustworthy and committed partner of Abogen with outstanding service and market insight. I have appreciated Hays’ relationship over the past eight years, including the past year while at Abogen Biosciences. Hays has provided tremendous support for hiring and talent strategy and business growth, and we profoundly value its professionalism and expertise.”

Connie Liu
Senior VP, HR & Operations



2 Hays is the recruitment partner of Survitec, a global leader in survival technology. Via an entirely virtual process, we have helped source talent to grow the Finance function, supporting Survitec in its growth despite the pandemic. In FY21, we placed 52 candidates in Perm/Temp roles to support the setup of Survitec’s new Shared Services function in Northern Ireland as well as with replacement hiring across specialisms worldwide. We provided salary and skillset benchmarking, marketing support and a three-month aftercare service to help them manage remote onboarding.



Trust enables partners to win together and even achieve results that exceed the sum of the parts. SAP Fieldglass and Hays Talent Solutions have built a trustworthy partnership in delivering workforce solutions for clients. The combination between SAP Fieldglass as the market leading Vendor Management System technology and the customised services for contingent

workforce management provided by Hays, enables our clients to increase process efficiency and transparency.

SAP Fieldglass and Hays have worked successfully together for several years with many clients across different regions. Hays is looking forward to joining the SAP Partner Edge Program in 2021.

“Hays is one of the leading specialists in workforce management services. We trust in their expertise and combine our strengths to deliver efficiency and transparency.”

SAP Fieldglass as an innovative global software solution is thus complemented by Hays’ strategic and operational services.”

Peter Graulich
SVP & General Manager, SAP Intelligent Spend Management



■ BASF

We create chemistry

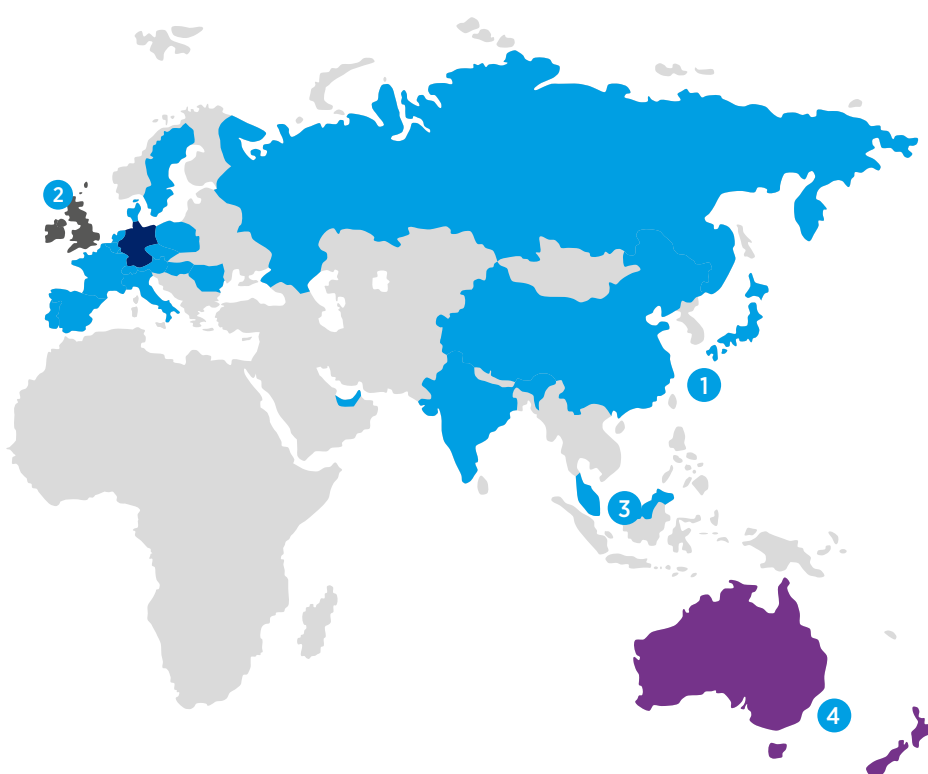
3 Hays' trusted relationship with BASF in Shanghai began in 2018 and combines a dedicated on-site Hays Client Partner and an off-site account manager, supported by a flexible off-site sourcing and administration team. Hays has placed over 100 people into different sub-sectors of the BASF Research & Development team, while reducing the time

to hire by c.40%. Our strong relationship in Shanghai together with our excellent local track record of delivery by our Malaysian agency teams helped secure a separate RPO contract with BASF in Malaysia during FY21, with a mandate for 200 multi-lingual hires per annum across HR, Supply Chain and Technology. In addition to directly sourcing and onboarding candidates, we are also responsible for managing internal hires, employee referrals and other third-party agencies.

“Talent plays an important role in innovation. At our Innovation Campus Shanghai, colleagues from 12 nationalities are innovating sustainable products and solutions for Asia and the rest of the world. At BASF, we always look for dedicated, high-calibre R&D talent across Asia to drive our innovation forward and Hays has been an integral support in that process.”

Stella Fu

HR, Research Asia Pacific



CommonwealthBank

4 Hays has supported CBA's recruitment requirements across most contract forms for more than 20 years. In 2018, this relationship was deepened when Hays rolled out CBA's group-wide Managed Service Programme and Vendor Management System to manage its contingent workforce. In FY21 Hays placed over 1,500 temps and contractors into CBA, with the majority in enterprise services, technology and projects. We also work closely on permanent recruitment projects, augmenting CBA's leading Talent Acquisition function. This has seen Hays deliver over 350 Perm hires for CBA's Risk teams; we are also working closely on an augmented Perm hiring initiative in Technology and Digital.

“Hays has been a long-term partner to CBA, supporting the Group in a variety of ways to attract both contingent and permanent talent. Their understanding of our organisation and values, their flexible, collaborative approach, and their ability to source and screen specialist talent has made them a key partner in support of our Talent Acquisition strategy.”

James Elliot

HR Director

40,000+
clients worldwide

OUR TECHNOLOGY

HOW DOES HAYS' TECHNOLOGY HELP YOU DO YOUR JOB BETTER?

“

Our consultants are now reaping the benefits of a completely mobile and flexible working environment, underpinning hybrid home and office working. Tools within Office 365 are now utilised globally, supporting productivity and collaboration within a highly secure infrastructure. For example, in FY21 there were >49 million external activities globally conducted within Office 365, plus an additional 3 million engagements using collaboration tools. Recent innovation around the use of video, via a successful UK pilot scheme, has enabled video interviewing at speed, helping employers build their brands and attract candidates, creating a more personalised and customer-centric experience. A key outcome and benefit for all users is that we've been able to decrease the time from CV review to a confirmed interview by c.50% – evidence that providing our employees a leading stack of technology solutions drives world-class customer service.

We are excited to expand our Worker Services Platform (WSP) over the coming months. This will provide additional benefits to our current temporary workers, and to all our customers soon after. One example is candidates will be able to manage their own key data in real-time, which will automatically update their details within managed talent pools, resulting in superior service to all. WSP will also provide extensive career services such as My Learning, whereby candidates can engage with micro-learning to continuously update their skills to meet the demands of the marketplace.

Steve Weston
Chief Technology Officer

”



OUR HAYS STORIES

“

Our technology essentially allows us to review real-time data and adapt our learning and development programmes to be fit for market or fit for purpose, ensuring our people are developed and challenged with resources and training that is directly reflective of what is happening in the market or external world. By having access to cutting-edge technology, we were able to adapt all classroom-based training to virtual, or self-directed micro-learning. Our technology and systems allowed our team to ensure learning wasn't compromised, and the human element was still a key driver in our people's development.

Shen Walker
USA

Hays has made substantial investments in developing market-leading technologies and tools that help us deliver quicker and higher quality service to our candidates and clients. Some of the newer technology such as 'Talent Manager' has significantly transformed the way I run and organise my day.

Jason Tsang
China

Hays is a company whose processes and tools are constantly evolving, in line with the technological and digital developments in the market. By using our entire toolbox, we consultants can quickly focus on the essential, which is the human relationship with our candidates and clients. Our tools allow us to save time and be more efficient, which is essential in order to be always one step ahead of the competition and to be able to work with confidence on the content of our actions and the performance that results from them.

Thibaut Gollentz
France

”



OUR PEOPLE, ENABLED BY TECHNOLOGY

Technology has revolutionised how clients and candidates engage with job markets. The relative ease with which many organisations transitioned to virtual working during the pandemic is also accelerating digitalisation in the world of work.

Digitalisation boosts our consultants' productivity and helps them find talent

Equipping our expert consultants with an effective range of technology tools improves our productivity. Having rapidly transitioned to remote working across our global business in 2020, our technology has made our business operations robust to the rapidly and unpredictably changing local restrictions and policies necessary to protect public health during the pandemic.

Our highly skilled people and our technology help us to power the world of work, finding the best candidates for a role faster than in-house HR or our competition. By expanding our talent pools and ensuring rapid speed to market, we can offer better service to clients and candidates.

Technology also enhances our productivity. We estimate that 1% gained via average consultant productivity is worth c.£8 million to Hays' Group operating profit, and that improved productivity drove c.40% of the Group's profit growth between FY14-19.

Our strong foundations and consistent strategy in technology mean we are well-placed to deal with rapidly changing markets.

Our guiding principles in technology are:

1. Maximise internal efficiency by developing new consultant tools, and deploy best-in-class software;
2. Deliver world-class omnichannel customer experience;
3. Invest selectively in best-in-class HR Tech software; and
4. Investigate new tech-enabled delivery models, such as Hays Hub.

With many global economies moving into recovery, with significant shifts in patterns of employment, we are seeing candidate shortages in many sectors. In this environment, it is not sufficient to simply post a job and wait for applications. Delivering the best outcomes requires investment and experience in using a range of alternative sourcing channels, alongside deep talent databases, which few employers have in-house. Outsourcing to Hays allows HR teams to use our expertise, technology and data insights, materially improving the process and the outcome.

Three phases of data-driven insights

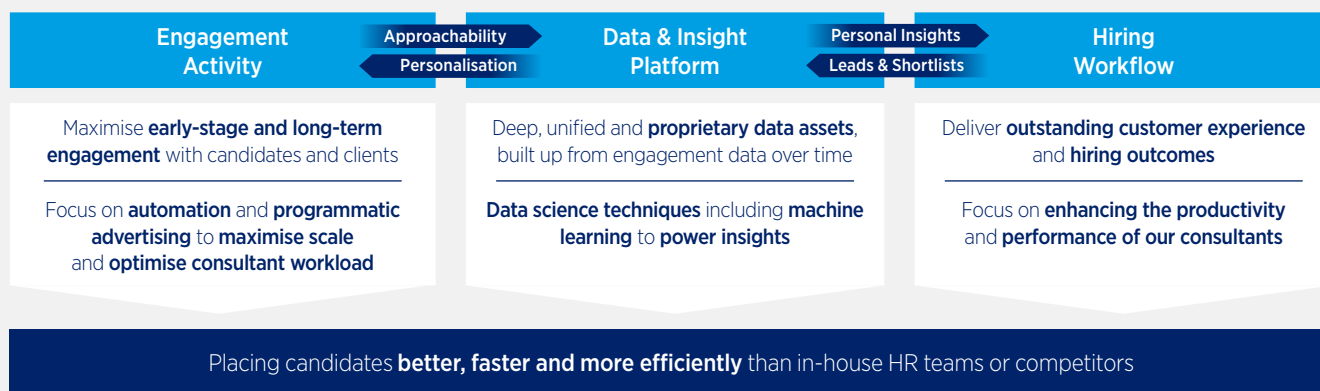
We have been developing our cutting-edge data systems for well over a decade. Our first 'Foundation' period (2008-2012) established an architecture, process and internet-enabled system. Our second 'Connections' phase (2012-2017) focused on channel integration, working innovatively with companies like LinkedIn, Xing, Stack Overflow and Google.

This included our 'Find & Engage' recruitment marketing model. This is based on our ability to engage with active (i.e. seeking jobs) and passive (potentially available, but not currently seeking jobs) 'talent pools', enabling us to deliver what was once viewed as high-end headhunting, to many more white-collar candidates, at scale. Candidate engagement with our content and marketing provides proprietary data and lays the foundation for our next phase of insight.

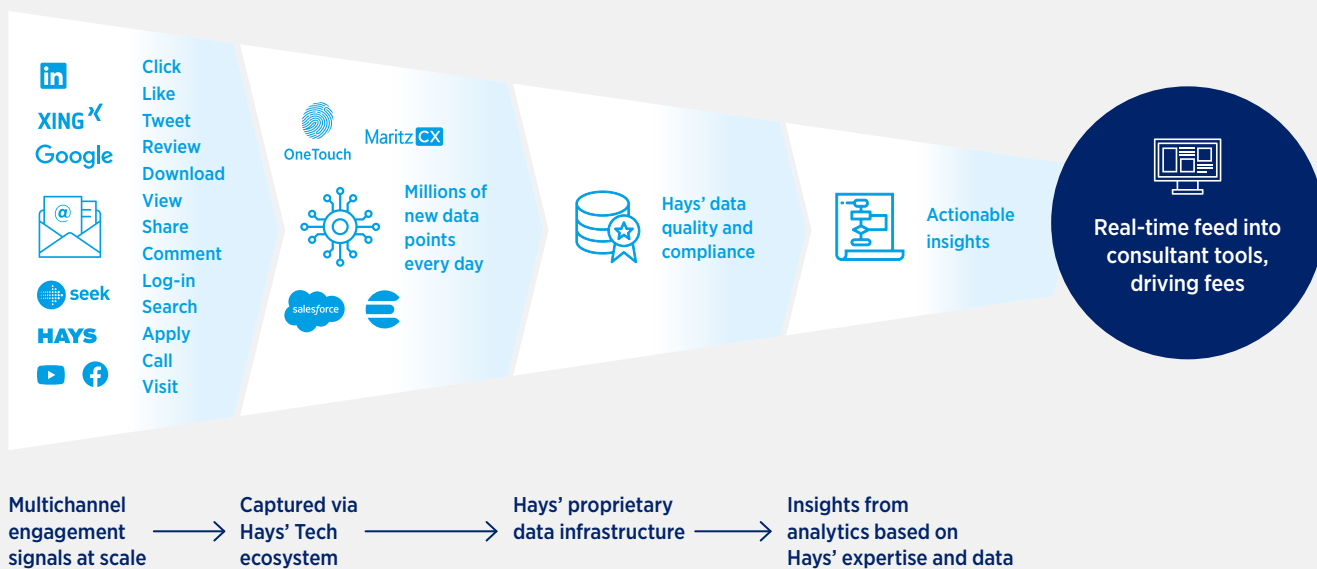
We believe we are now in this third 'deep insights' phase, underpinned by advanced analytics. Internal data science initiatives are mining our rich datasets to generate key insights to empower recruiters, ranging from candidate approachability through to anticipating hiring demand by client or sector.

Our systems and insights set out to enhance the human role in recruitment, not replace it. We work to automate low-value interactions and enhance high-value engagements, for example by equipping our consultants with market insights on salaries and skills to share with candidates and clients. We believe the prize for adding real human value in the digital age will be significant.

The Hays Power Recruitment Platform: Fully integrating cutting-edge tools for our consultants



The Hays data funnel: Driving more value from data than HR teams and our competitors

Access to more and better **data**Convert data effectively into **insights**Drive real **actions** from insight

We are not just finding the talent available right now though – increasingly, we play a role in nurturing new supply of talent, supporting candidates and helping them to develop new skills. Candidates are looking for stronger advice and guidance for their career development, and our 'Hays Thrive' learning and wellbeing platform provides this.

Data driven, people powered

Almost every area of recruitment has become digitally enabled, creating significant useful data. Protecting and managing this data with great care and attention sits at the heart of what we do and is central to our business model. We believe in transparency with our candidates, and set out clearly in our privacy policies how we process their personal data.

To create economies of scale, our consultants need to be equipped with the best technological tools to search this complex and ever-increasing bank of data, which we gather via our 'data funnel' shown above. We received c.10 million job applications in FY21, and our website received over 100 million page views. Such applications and website interest are engagement signals, which flow directly into our data funnel.

Importantly, we also get valuable data from our relationships with the likes of LinkedIn and Xing. Many millions of other data points are created through the interactions generated by our unique content and social media activity, such as thought-leadership pieces including our salary guides, training, career advice and podcasts.

These play a leading role in both nurturing strong candidate relationships, and also gaining useful candidate engagement signals. Our data assets are then put to work by Salesforce Marketing Cloud, adding a high degree of automation and consistent contact.

Engagement signals across a wide variety of sources are converted into actionable insights by our in-house developed proprietary analytics, powered by in-built machine learning. Increasingly, technology helps us to anticipate clients' demands before they arise.

We are able to analyse complex user data in real time, gaining invaluable insight into candidates' skills and career ambitions. Our aim is to match these insights received from clients and candidates with the highest service quality in our industry from our consultants, at speed and at scale.

The consultant's view

"Despite the uncertainty of the past 12 months, Hays went above and beyond to ensure that we remained industry leaders both in practice and available technology. The ramifications were beyond considerable, with swift provision of leading BI systems and cutting-edge industry tools that were rolled out company wide. The achievements that have since been accomplished are entirely indebted to the confidence and prioritisation of Hays to guarantee all employees are not only equipped for their role, but provided with clear competitive advantage."

David Shepperd
UK



Find out more about our expert insights
haysplc.com/expert-insight

Hays 'Approachability Index'

Sifting through huge quantities of candidate information is relatively simple. The harder part is accurately predicting Approachability: identifying candidates likely to respond positively to our direct approach, or when clients are looking to hire. This is a key competitive edge, and forms the basis of our 'Find & Engage' recruitment marketing model.

'Find & Engage' allows us to interact with talent pools, enabling us to deliver what was once viewed as high-end headhunting, to many more white-collar candidates, at scale. Our aim is to extrapolate meaningful data patterns, feeding directly into Hays' 'Approachability Index', summarised in the diagram below. Approachability signals are also enhanced by our advisory content which candidates download.

Technology and a candidate's path

The chart opposite represents the process of interaction between our active candidate pool, passive candidates and our client base, as we seek to find 'great-rather-than-good' matches between the two.

Candidates are added to the Hays databases via our expert consultant network, and external sources such as LinkedIn or Xing, or directly via the Hays website. Once in our ecosystem, we work hard to ensure the talent pool remains highly engaged, using our people, automation and expert content. The Hays Approachability Index gives us the ability to identify candidates who may otherwise appear to be 'passive'.

This is a major competitive advantage versus in-house HR teams and our competitors, and is a compelling reason for clients to outsource to Hays.

Candidate experience

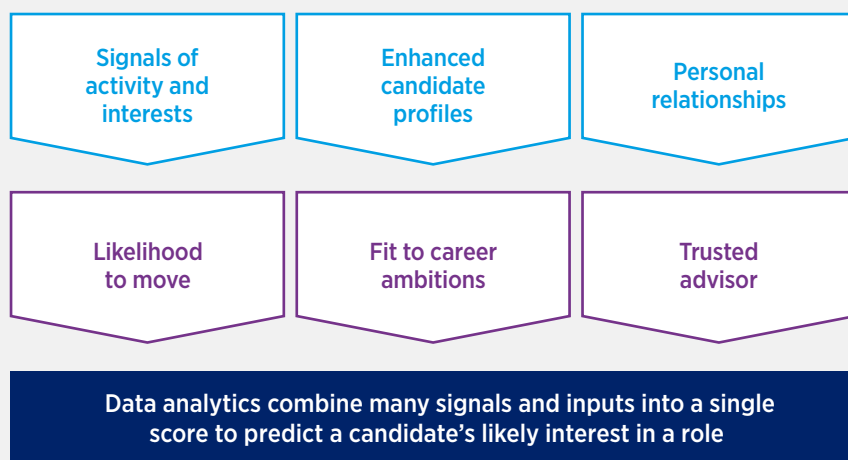
We have streamlined our candidate application process, which is powered by state-of-the-art search capability from Google. Our user experience has also benefited from this technology, with standardisation of job titles significantly improving the effectiveness of the search functionality.

The upside of this has been higher conversion levels on our overall digital estate, and also an increase in updated candidate data for our databases.

We have designed the process to reflect the fact that the use of mobile devices for job search has been increasing.

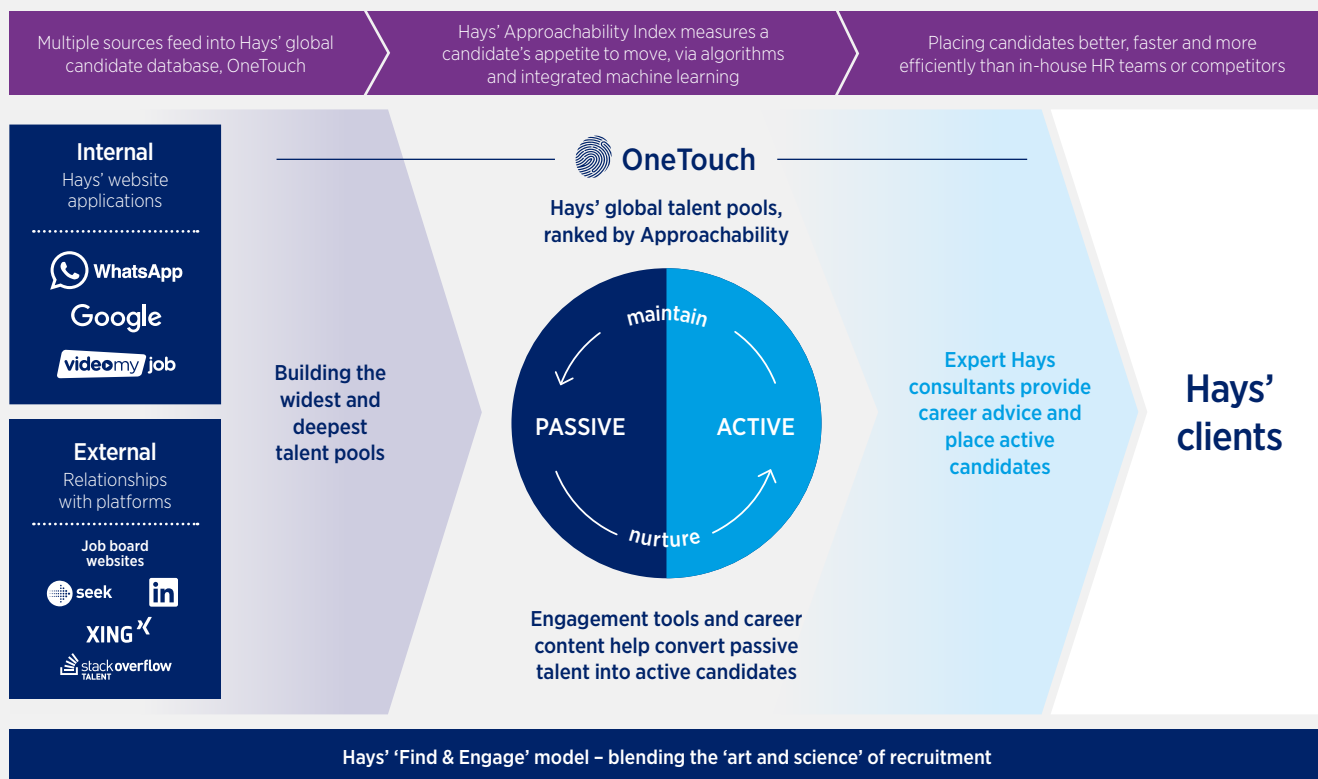


The Hays Approachability Index: Anticipating candidates' likely interest in a role



By engaging with our talent pools, we can deliver what was once viewed as high-end headhunting, to many more white-collar candidates, at scale.

How technology accelerates the candidate journey



Continuous innovation

Our expert Hays Innovation team constantly monitors the technology landscape, identifying new trends, opportunities and threats and building relationships with key players. In FY21, we made further progress, notably with our Temp platform Hays Hub, which had great success in the UK Education sector pre-lockdown, and which is now embedded in Social Care and our Australian businesses.

We have introduced integrated AI chatbots to further automate our interaction with candidates. In tandem with our programmatic advertising initiatives, VideoMyJob roll-out and extensive use of social media, we can find niche talent pools across any digital channel. This includes specific targeting of passive candidates via automatically distributed content.

"It was impressive how effectively the entire business switched to remote working during the pandemic for us to continue to be able to do our job in a lockdown, with the legacy of a hybrid work environment with better remote access. The business has not only to keep up with the inevitable accelerated pace of digital change for all employees, but also continuously innovating with the needs of our clients and candidates prioritised – such as with the roll-out of Hays Thrive."

Yoke Pei Ong
Malaysia



Find out more about tech

haysplc.com/about-us/our-strategy/our-technology

OUR CLEAR STRATEGIC PRIORITIES DELIVER OUR LONG-TERM AIMS, DESPITE THE PANDEMIC

The pandemic had a significant negative impact on our business, particularly in H1 FY21. However, our recovery from the pandemic accelerated through the year, and we have invested to support our target of remaining the undisputed global leader in specialist recruitment. Our long-established strategic priorities are interlinked to long-term industry megatrends (see pages 24 and 25).



- Read more about our KPIs **see page 36**
- Read more about our sustainability policies **see page 48**
- Read more about our risks **see page 55**
- Read more on our remuneration **see page 83**

- (1) FY20 operating profit is stated before exceptional charges of £39.9 million, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.
- (2) Operating cash conversion represents the conversion of pre-exceptional operating profit⁽¹⁾ to cash generated by operations.

Strategic priority

Materially increase and diversify Group profits



Generate, reinvest and distribute meaningful cash returns



Invest in people and technology, responding to change and building relationships



Build critical mass and diversity across our global platform



What we achieved in FY21

- Group operating profit fell by 31%⁽¹⁾ to £95.1 million, materially impacted by the reduction in fees in the first half as the pandemic continued to weigh on performance. A sharp improvement in fees in the second half led to material recovery in profitability, with £70.0 million of operating profit generated in H2 FY21
- We protected our core infrastructure and capability in H1, and significantly increased our headcount in H2
- 88% of our operating profit was generated outside of the UK&I. This is up from c.35% in 2008

Focus in FY22

- Capitalising on the cyclical recovery and accelerating structural growth in the most attractive future recruitment sectors
- We will continue to invest in our key specialisms, and aim to maximise fees by driving consultant productivity
- Our second phase of SGI has commenced, and we intend to invest c.£20 million in FY22. These accelerated investment plans are in attractive structural growth markets, including Technology and large Corporate Accounts, and aim to materially enhance our recovery

Link to relevant KPIs

- 1 Like-for-like net fee growth
- 2 Proportion of Group net fees generated by our International business
- 4 Basic earnings per share growth
- 5 Like-for-like net fees per consultant
- 6 Conversion rate

- Underlying cash performance was excellent, ending the year with a net cash balance of £410.6 million
- Cash conversion⁽²⁾ of 138%, benefiting from outstanding credit control, which led to record low debtor days (33 days)
- Trading momentum improved significantly through the year and we are now in our strongest ever financial position. Given the sequential fee growth and recovery in operating profit in the second half, together with confidence in future growth prospects, the Board is proposing the resumption of core (1.22p) and special (8.93p) dividends

- Our long-term priorities for free cash flow are to fund investment and development, maintain a strong balance sheet and, deliver a core dividend which is sustainable, progressive and appropriate
- The Board will look to grow core dividend in line with EPS growth. Our target dividend cover range remains 2.0 to 3.0x earnings
- The Board expects to restart ongoing special dividends in FY22. Our policy will be based on paying cash above our buffer at each financial year-end of £100 million. We have also budgeted a further buffer for working capital rebuild as our Temp book grows. This stood at £110 million at 30 June 2021. Ongoing special dividends will be dependent on a return to more normal levels of profitability, and a positive economic outlook

- 1 Like-for-like net fee growth
- 4 Basic earnings per share growth
- 7 Cash conversion

- Internally promoted 2,607 of our colleagues and onboarded c.650 new colleagues in H2 FY21. Two employee engagement surveys conducted in the year, with engagement increasing from 76% to 78%
- Continued development and promotion of Hays Thrive, our unique, free to use client training and wellbeing platform, with over 850,000 unique courses completed (c.26 million minutes of online learning)
- Continued to develop mutually beneficial relationships across a range of areas, including collaborations with Xing, LinkedIn and Stack Overflow, among others

- Continue to explore and develop relationships with external organisations, to enable us to better understand, respond to and capitalise on new opportunities and/or threats
- Further develop our front- and back-office capabilities, including data science and analytics, to improve our business efficiency and service to clients and candidates
- Continue to evolve and shape our offering to meet changing clients' needs by providing alternative and innovative delivery models, including Hays Hub

- 5 Like-for-like net fees per consultant
- 6 Conversion rate

- Group consultant headcount increased by 4% in FY21, including 10% growth in the second half of the year
- Our Temp & Contracting business, 61% of Group fees, demonstrated greater resilience than Perm
- This said, the recovery through the year was increasingly Perm-led

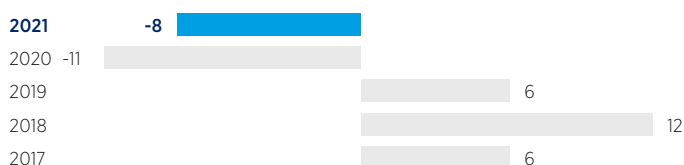
- Capitalising on cyclical recovery and accelerating growth in structurally attractive markets
- Our SGI programme is designed to accelerate our medium-term growth. Common themes across all divisions include growing our Technology specialism and large Corporate Accounts business
- We will also look to further drive growth in our non-Perm businesses in new/existing markets, including France, Japan, Canada and the USA

- 1 Like-for-like net fee growth
- 2 Proportion of Group net fees generated by our International business
- 3 Headline International net fee base

RECOVERY FROM THE PANDEMIC ACCELERATED IN H2 WITH STRONG SEQUENTIAL GROWTH

Our aim to be the undisputed global leader in specialist recruitment, and to deliver well-diversified, profitable and cash-generative fee growth, is undiminished. We measure our progress in this respect using a series of Key Performance Indicators (KPIs).

1. Like-for-like⁽¹⁾ net fee growth (%)



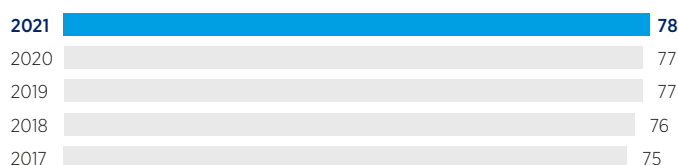
Measure

How the Group's business is performing over time, measured as net fee growth on a constant-currency basis.

Progress made in FY21

Tough market conditions led to net fees down 8% to £918.1 million. Encouragingly though, fees in the second half increased by 13% and we enter 2022 with positive momentum.

2. Proportion of Group net fees generated by our International business (%)



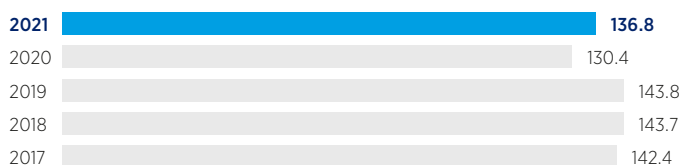
Measure

The Group's relative exposure to markets which are typically less mature and under-penetrated than the UK&I, calculated as the percentage of non-UK&I net fees.

Progress made in FY21

78% of Group net fees were generated outside of the UK&I this year, slightly higher than FY20.

5. Like-for-like⁽¹⁾ net fees per consultant (£000s)



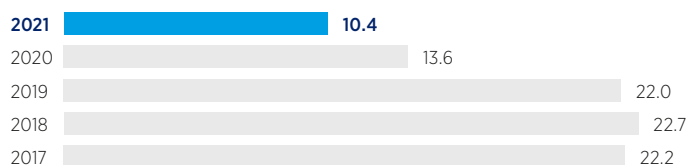
Measure

The productivity of the Group's fee earners. Calculated as total Group net fees divided by the average number of consultants.

Progress made in FY21

Group like-for-like fees per consultant increased by 5% YoY to £136.8k, driven by the increase in fees in H2. Encouragingly, our productivity per consultant reached record levels in our fourth quarter, and through H2 we invested to increase the productive capacity of the business and drive growth in FY22 and beyond.

6. Conversion rate⁽³⁾ (%)



Measure

Calculated as operating profit⁽²⁾ divided by net fees. Measures the Group's effectiveness in managing our level of investment for future growth and controlling costs.

Progress made in FY21

Our conversion rate⁽³⁾ decreased by 320bps to 10.4%, although conversion rate improved in our second half to 14.1%. We expect a material increase in conversion rate in FY22.

(1) Like-for-like growth represents organic growth of operations at constant currency.

(2) FY20 and FY19 operating profit and basic earnings per share are stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There are no exceptional charges in FY21.

(3) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit⁽²⁾.

Measured against our strategy

We clearly link each of our KPIs to our four strategic priorities:



Materially increase and diversify Group profits



Invest in people and technology, responding to change and building relationships



Generate, reinvest and distribute meaningful cash returns

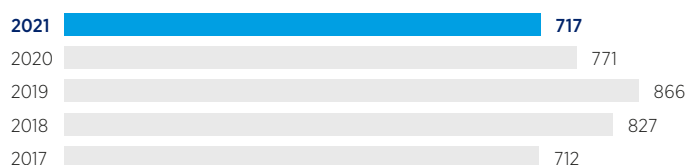


Build critical mass and diversity across our global platform

These are focused on the overall Group financial performance, as well as changes we are making within the Group, such as the internationalisation of the business. As well as growth, we measure KPIs which illustrate the efficiency of our operations, such as conversion rate and cash conversion.

As we work towards our aims, and the shape and size of our business or our strategic priorities evolve, then our KPIs will evolve too.

3. Headline International net fee base (£m)



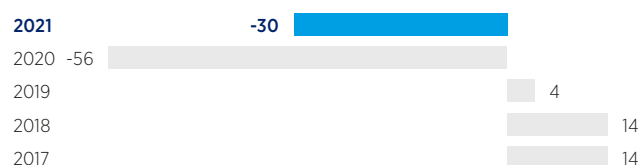
Measure

The absolute scale of the non-UK&I businesses in net fee terms (ANZ, Germany & RoW).

Progress made in FY21

Like-for-like fees declined by 7% in FY21 in our International business, impacted by the pandemic. Germany declined by 7% and the Americas fell by 2%, although the USA grew by 4%. EMEA and Asia decreased by 5% and 11% respectively.

4. Basic earnings per share growth⁽²⁾ (%)



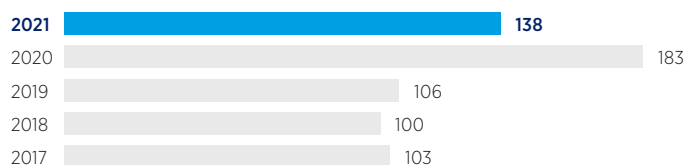
Measure

The underlying profitability of the Group, measured by the earnings per share⁽²⁾ of the Group's operations.

Progress made in FY21

Basic earnings per share⁽²⁾ fell by 30% to 3.67 pence. This reflects the Group's lower operating profit and increase in average number of shares following our equity placement in FY20, partially offset by lower tax rate and interest charges.

7. Cash conversion⁽⁵⁾ (%)



Measure

The Group's ability to convert profit into cash. Calculated as cash generated by operations⁽⁴⁾ as a percentage of operating profit⁽²⁾.

Progress made in FY21

138% cash conversion was again very strong. Excellent working capital management, with debtor days reduced to a record low 33.

8. Employee engagement (%)



Measure

We have worked with Culture Amp since 2019 to deliver our annual employee engagement survey, delivering actionable insights into our employees' experiences of working at Hays. The significant disruption of the pandemic meant we postponed the FY20 survey until November 2020*, i.e. in FY21. Given employee engagement is so important, we ran two surveys in FY21, with one in May 2021.

Progress made in FY21

81% of all staff completed the May survey, providing strong representation of employee opinion. 81% said they believed Hays has a positive impact on society (FY19: 74%), and 80% said that people of all backgrounds have an equal opportunity to succeed at Hays (FY19: 77%) and 82% agreed that they can be their authentic self at work. Encouragingly, 71% of staff said they believed Hays supports flexible working practices, up from 48% in FY19 and 66% in November 2020.

- (4) FY21 cash generated by operations has been adjusted for the cash impact of lease payments of £50.0 million and £118.3 million of deferred payroll tax and VAT paid in FY21. FY20 cash generated by operations has been adjusted for the cash impact of lease payments of £46.4 million and £118.3 million of payroll tax and VAT deferred at 30 June 2020.
- (5) Cash conversion represents the conversion of pre-exceptional operating profit⁽²⁾ to cash generated from operations⁽⁴⁾.

DIVISIONAL OPERATING REVIEW



AUSTRALIA & NEW ZEALAND

Trading conditions materially improved towards the end of the year, particularly in Perm

Net fees

£159.9m

(FY20: £170.5m)

Operating profit

£39.7m

(FY20: £48.2m)

Consultants⁽²⁾

945

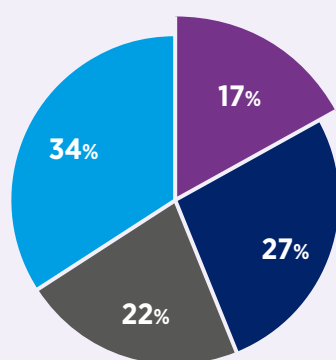
(FY20: 811)

Offices

41

(FY20: 42)

Share of Group net fees



- Australia & New Zealand
- Germany
- UK & Ireland
- Rest of World

In Australia & New Zealand (ANZ), net fees decreased by 10% to £159.9 million and operating profit fell 21% to £39.7 million. This represented a conversion rate⁽¹⁾ of 24.8% (FY20: 28.3%). The difference between actual and like-for-like growth rates was primarily the result of the appreciation in the average rate of exchange of the Australian dollar versus sterling, which increased net fees by £7.0 million and operating profit by £2.1 million.

Net fees fell by 23% in the first half, impacted by the pandemic and related effects of rolling lockdowns, particularly in Victoria. Momentum improved as lockdown restrictions eased in November 2020, and fees in our second half grew by 6%, including Q4 up 28%.

Temp, which represented 70% of ANZ fees, declined by 11%, including the second half down 4% against a tough growth comparator which included some one-off contract wins at the start of the pandemic. Perm fees decreased by 6% overall, however increased by 34% in the second half as we capitalised on improving business confidence. The Private sector, which represented 64% of ANZ net fees, fell by 11%, with the Public sector down 9%.

Australia net fees fell by 11%. Our largest regions of New South Wales and Victoria, which together accounted for 51% of Australia net fees, fell by 17% and 16% respectively. Queensland, ACT and Western Australia were more resilient, with net fees down 8%, 4% and 1% respectively.

At the Australian specialism level, Construction & Property, our largest specialism, and Accountancy & Finance were both negatively impacted by the pandemic and declined 17% and 16% respectively, while Office Support was also difficult, down 17%. Technology declined by 10%, while HR delivered a standout performance, with flat fees. Resources & Mining and our 'Other' smaller specialisms also both showed relative resilience, each down 3%.

New Zealand (7% of ANZ net fees) delivered a strong performance with fees up 14%.

Net fees by specialism

Construction & Property	21%
Technology	14%
Banking	11%
Office Support	10%
Accountancy & Finance	10%
Resources & Mining	4%
Other	30%

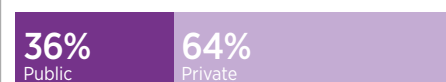
Net fees by country/sub-region

New South Wales	26%
Victoria	22%
Queensland	13%
Australian Capital Territory	10%
Western Australia	10%
New Zealand	7%
Other	12%

Net fees by contract type



Net fees by sector



Operating performance

Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£159.9m	£170.5m	(6)%	(10)%
Operating profit	£39.7m	£48.2m	(18)%	(21)%
Conversion rate ⁽¹⁾	24.8%	28.3%	(350bps)	
Period-end consultant headcount ⁽²⁾	945	811	17%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit.

(2) Closing consultant headcount as at 30 June.

GERMANY

Strong sequential fee growth, driven by rising business confidence. Record June contractor volumes and high levels of average Temp hours worked in the second half

Net fees

£244.8m

(FY20: £259.8m)

Operating profit⁽³⁾

£31.4m

(FY20: £53.2m)

Consultants⁽²⁾

1,620

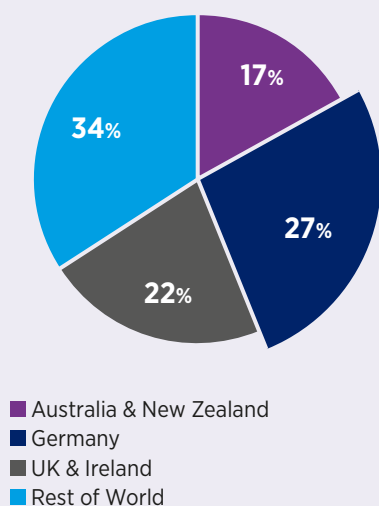
(FY20: 1,560)

Offices

25

(FY20: 25)

Share of Group net fees



Net fees in our largest market of Germany declined by 7% to £244.8 million, with operating profit⁽³⁾ down by 42% to £31.4 million as we maintained our productive capacity. This represented a conversion rate⁽¹⁾ of 12.8% (FY20: 20.5%). Modest sterling weakness versus the euro led to an increase in net fees and operating profit of £2.5 million and £0.5 million respectively. Fees in the first half fell by 26%, significantly impacted by the pandemic, although there were clear signs of improving business confidence generally in Q2, and stabilisation in the automotive sector. Performance improved sharply in the second half, with fees up 18% including strong sequential growth.

Contracting, 60% of Germany fees, which held up relatively well at the start of the pandemic, and where we operate a freelance model, primarily in the Technology sector, was relatively resilient and declined by 5%. Almost all assignments continued to work remotely through lockdowns, and momentum improved through FY21. Encouragingly, we had a record year-end number of contractors on assignment, driven by a strong increase in new placements and high levels of contract extensions.

Our Temp business, 25% of Germany fees, which is mainly in Engineering & Manufacturing and where we employ temporary workers as required under German law, declined by 3%. Temp fees in the first half fell by 45%, significantly impacted by under-utilisation of employed Temps and Temp severance costs, which reduced fees by £3.3 million and £2.9 million respectively. Encouragingly, Temp fee performance improved substantially in the second half and increased by 79% versus H2 FY20, a period which included £10.9 million of Temp under-utilisation (net of support from the German short time working scheme) and severance costs. Excluding these one-off prior year items, underlying Temp fees increased by 16% in the second half. Average Temp volumes continued to improve through the second half, and we saw very high levels

Net fees by specialism

Technology	42%
Engineering	23%
Accountancy & Finance	16%
Life Sciences	6%
Construction & Property	5%
Sales & Marketing	4%
Other	4%

Net fees by contract type

15% Perm	85% Temp
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Net fees by sector

14% Public	86% Private
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of Temp utilisation, helped by lower-than-normal levels of vacations taken, some of which will reverse in the coming months, and low levels of sickness leave.

Perm, 15% of Germany fees and which continues to have excellent long-term structural outsourcing potential, decreased by 18%.

Technology, which represented 42% of fees, fell by 8%. Engineering, 23% of fees, decreased by 14%. Life Sciences delivered a strong performance, up 18%, while Accountancy & Finance and Construction & Property also showed relative resilience, down 4% and 3% respectively.

Consultant headcount increased by 4% year-on-year to 1,620.

Operating performance

Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£244.8m	£259.8m	(6)%	(7)%
Operating profit ⁽³⁾	£31.4m	£53.2m	(41)%	(42)%
Conversion rate ⁽¹⁾	12.8%	20.5%	(770bps)	
Period-end consultant headcount ⁽²⁾	1,620	1,560	4%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

(3) FY20 operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

UK & IRELAND

Strong sequential fee improvement through the year driving a return to profitability in the second half

Net fees

£201.1m

(FY20: £225.6m)

Operating profit⁽³⁾

£11.5m

(FY20: £16.6m)

Consultants⁽²⁾

1,759

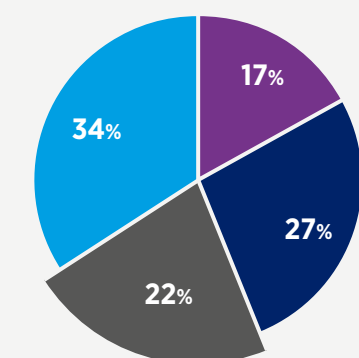
(FY20: 1,840)

Offices

89

(FY20: 95)

Share of Group net fees



■ Australia & New Zealand
■ Germany
■ UK & Ireland
■ Rest of World

In the United Kingdom & Ireland, net fees declined by 11% to £201.1 million, with operating profit⁽³⁾ down 31% to £11.5 million, including an operating loss of £1.0 million in the first half and profit of £12.5 million in the second half. This represented a conversion rate⁽¹⁾ of 5.7% (FY20: 7.4%). Fees in the first half fell by 27%, significantly impacted by the pandemic, although performance improved sharply in the second half, with fees up 10%.

Our largest business of Temp, 62% of fees, fell by 9% and was more resilient than Perm, which declined 14%. Both Temp and Perm fees grew sequentially in every quarter of the year, delivering growth of 5% and 19% respectively in the second half. The Public sector, 34% of fees, fell by 3%, outperforming the Private sector, down 14%. However, the Private sector rebounded significantly faster in the second half.

All UK regions traded broadly in line with the overall UK business, except Yorkshire and the North, down 17%, the North West, down 3% and Northern Ireland, down 5%. Fees in London, our largest region at c.33% of UK&I fees, declined by 14%, with Ireland down 11%.

At the specialism level, Accountancy & Finance, Office Support and Construction & Property decreased by 22%, 21% and 10% respectively, with Education down 14% as schools remained closed for part of the year. On a positive note, Technology delivered a standout performance with fees up a strong 9%.

Consultant headcount decreased by 4% year-on-year to 1,759 but increased by 11% in the second half.

Net fees by specialism

Construction & Property	19%
Accountancy & Finance	18%
Technology	15%
Office Support	10%
Education	7%
Banking	6%
Other	25%

Net fees by region

London & South East	33%
North & Scotland	22%
Midlands & East Anglia	16%
South West & Wales	12%
Talent Solutions	9%
Ireland	8%

Net fees by contract type

38% Perm	62% Temp
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Net fees by sector

34% Public	66% Private
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Operating performance

Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£201.1m	£225.6m	(11)%	(11)%
Operating profit ⁽³⁾	£11.5m	£16.6m	(31)%	(31)%
Conversion rate ⁽¹⁾	5.7%	7.4%	(170bps)	
Period-end consultant headcount ⁽²⁾	1,759	1,840	(4)%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

(1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).

(2) Closing consultant headcount as at 30 June.

(3) FY20 Operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

REST OF WORLD

Significant improvement in fees and profits in the second half, led by the USA, Mainland China and EMEA

Net fees

£312.3m

(FY20: £340.3m)

Operating profit⁽³⁾

£12.5m

(FY20: £17.0m)

Consultants⁽²⁾

2,866

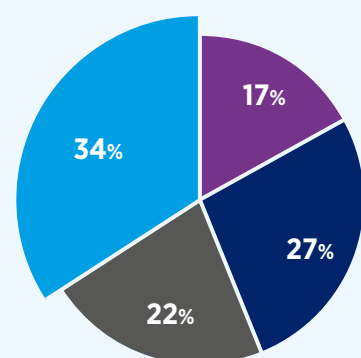
(FY20: 2,689)

Offices

101

(FY20: 104)

Share of Group net fees



■ Australia & New Zealand
■ Germany
■ UK & Ireland
■ Rest of World

Net fees in Rest of World (RoW), which is mainly in Perm and comprises 28 countries, declined by 6% to £312.3 million. Operating profit⁽³⁾ fell by 26% to £12.5 million, including profit of £0.1 million in the first half and £12.4 million in the second half. This represented a conversion rate⁽¹⁾ of 4.0% (FY20: 5.0%; H2 FY21: 7.4%). Currency impacts in the year were negative, with movements in sterling versus the US dollar and other currencies resulting in a decrease in fees of £8.5 million, although the impact on RoW profit was minimal.

Fees in the first half fell by 21%, significantly impacted by the pandemic, although performance improved sharply in the second half, with fees up 14%. Despite the pandemic, we achieved record fee performances in six countries including the USA, Switzerland, Russia and Malaysia. Perm net fees, 64% of RoW, decreased by 8%, while Temp net fees fell 1%.

EMEA ex-Germany net fees declined by 5%, with operating profit⁽³⁾ down 23%. Fees in the first half fell by 20%, although increased by 12% in the second half, with good fee improvements in all major markets. France, our largest RoW market, decreased by 11% while Belgium and the Netherlands also saw difficult conditions, with fees down 17% and 15% respectively. Fees in Russia, Italy and Spain were much stronger, increasing by 6%, 5% and 2% respectively, while Poland was flat.

Asia net fees declined by 11%, with operating profit⁽³⁾ down 29%. Fees in the first half fell by 28%, although increased by 12% in the second half. Growth in Mainland China was strong, up 17%, and Malaysia produced record fees, up 11%, although Hong Kong and Japan were much tougher, down 32% and 28% respectively. Singapore was relatively resilient and fell by 3%.

The Americas fees decreased by 2%, with the first half down 20% and the second half up 19%. The USA, our second-largest RoW country, grew by 4%, helped by our high

Net fees by specialism

Technology	26%
Accountancy & Finance	12%
Life Sciences	10%
Construction & Property	9%
Sales & Marketing	7%
Engineering	6%
Other	30%

Net fees by selected sub-region

EMEA*	60%
The Americas	22%
Asia	18%

*excluding Germany.

Net fees by contract type



exposure to the Technology sector and a record fourth quarter, up 55%. Fees in Canada were down 15%, but improved through the second half, while Mexico declined by 17%. Brazil was a standout performer, growing fees by 9%. Overall, in the Americas, we made a modest operating loss in the year as we continued to invest for long-term growth, particularly in the USA.

Consultant headcount in the division increased 7% year-on-year to 2,866.

Operating performance

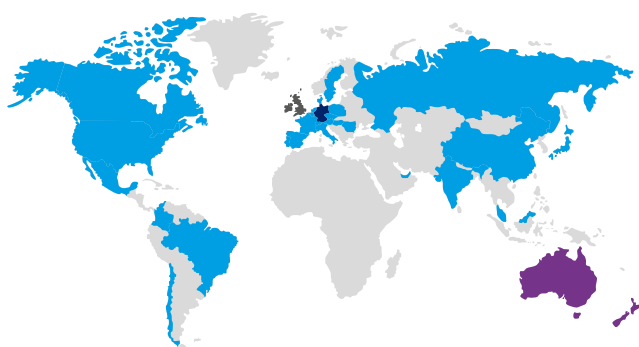
Year ended 30 June	2021	2020	Actual growth	LFL growth
Net fees	£312.3m	£340.3m	(8)%	(6)%
Operating profit ⁽³⁾	£12.5m	£17.0m	(26)%	(26)%
Conversion rate ⁽¹⁾	4.0%	5.0%	(100bps)	
Period-end consultant headcount ⁽²⁾	2,866	2,689	7%	

Note: unless otherwise stated, all growth rates discussed on this page are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

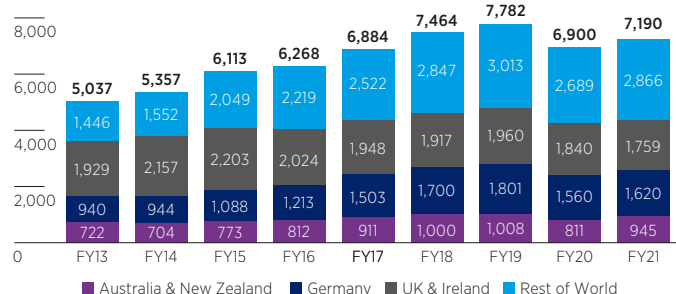
- (1) Conversion rate is the proportion of net fees converted into operating profit (before exceptional items).
 (2) Closing consultant headcount as at 30 June.
 (3) FY20 operating profit is stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

HISTORICAL COMPARISONS FY13–21

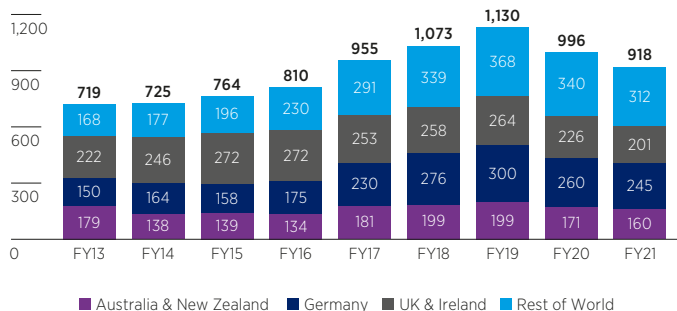
To assist investors in their analysis of Hays, we present our net fees, operating profit, headcount and conversion rate since FY13.



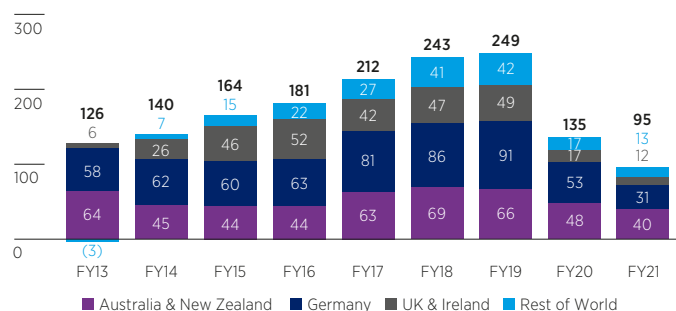
Consultant headcount



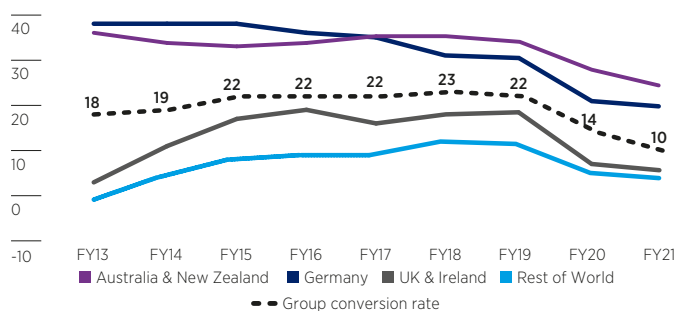
Net fees (£m)



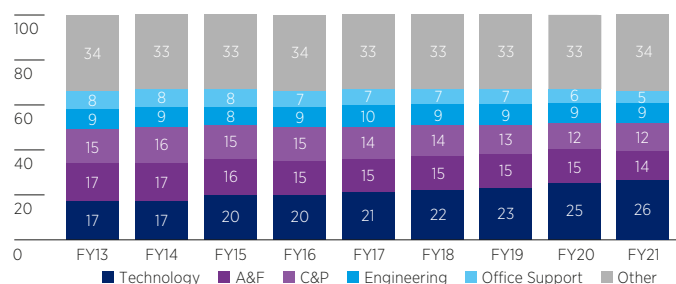
Operating profit⁽¹⁾ (£m)



Conversion rate⁽²⁾ (%)



Net fees by specialism (%)



(1) There were no exceptional charges in FY21. FY20 operating profit is stated before exceptional charges of £39.9 million. FY19 is stated before exceptional charges of £15.1 million, as detailed in note 5 to the Consolidated Financial Statements on page 134.

(2) FY20 and FY19 conversion rates are shown on a pre-exceptional basis.



Recovery from the pandemic accelerated in the second half with strong sequential fee and profit growth. As a sign of our confidence, we have resumed dividend payments.



Paul Venables

Group Finance Director,
Hays plc



FINANCE DIRECTOR'S REVIEW

Financial overview

Although the impact of the pandemic meant FY21 began in arguably the toughest macroeconomic backdrop we have ever faced, Group fees stabilised during the summer of 2020 and began to show strong sequential improvement from September 2020 onwards. Our quarterly fee growth through FY21 was -29%, -19%, -10% and 39%, and we have never before seen such a sharply positive sequential improvement in trading in any of Hays' 53 years. Encouragingly, June 2021 delivered our strongest fee performance since the start of the pandemic.

Our turnover declined 6% and net fees⁽²⁾ fell 8%. Operating profit⁽³⁾ fell 31% to £95.1 million. This represented a Group conversion rate⁽⁴⁾ of 10.4% (FY20: 13.6%). Driven by the significant recovery in fees in the second half, operating profit in the second half was £70.0 million, representing an H2 conversion rate of 14.1%⁽⁴⁾.

Our cash performance was excellent, and we ended the year with net cash of £410.6 million. We converted 138%⁽⁸⁾ of operating profit⁽³⁾ into operating cash flow⁽⁵⁾, driven by excellent credit control with debtor days reducing to a record low 33 days.

Given the strong recovery in Group profitability, high levels of cash generation and confidence in our outlook, and as previously announced, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings.

At our half-year results we also announced that the Board had identified £150 million of surplus cash, which we expected to pay to shareholders in two phases, commencing with £100 million to be declared at our prelims. Given the Board's confidence in our

Decrease in Group
net fee income

(8)%

FY20: (11)%

Decrease in operating profit⁽³⁾

(31)%

FY20: (45)%

Conversion rate⁽⁴⁾ of Group
net fees into operating profit⁽³⁾

10.4%

FY20: 13.6%

Group consultant headcount
up 4% year-on-year

7,190

FY20: 6,900

Year-end net cash⁽⁷⁾

£410.6m

FY20: £366.2m

(1) Net fees of £918.1 million (FY20: £996.2 million) are reconciled to statutory turnover of £5,648.4 million (FY20: £5,929.5 million) in note 6 to the Consolidated Financial Statements.

(2) Net fees comprise Turnover less remuneration of temporary workers and other recruitment agencies.

(3) FY20 operating profit and earnings per share were stated before exceptional charges, as detailed in note 5 to the Consolidated Financial Statements on page 134. There were no exceptional charges in FY21.

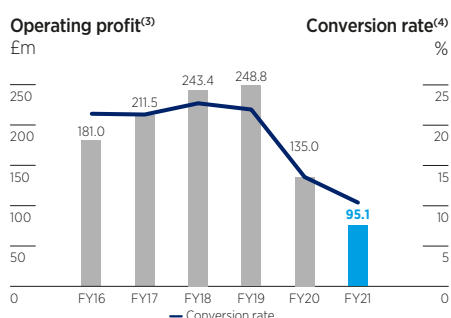
(4) Conversion rate is the proportion of net fees converted into pre-exceptional operating profit.

Operating performance

Year ended 30 June (£m)	2021	2020	Actual growth	LFL growth
Turnover ⁽¹⁾	5,648.4	5,929.5	(5)%	(6)%
Net fees ⁽²⁾	918.1	996.2	(8)%	(8)%
Operating profit ⁽³⁾	95.1	135.0	(30)%	(31)%
Cash generated by operations ⁽⁵⁾	130.8	247.4	(47)%	
Profit before tax	88.1	86.3	2%	
Basic earnings per share	3.67p	3.14p	17%	
Basic earnings per share (before exceptional items)	3.67p	5.28p	(30)%	
Core dividend per share	1.22p	0.0p	-	
Special dividend per share	8.93p	0.0p	-	

Note: unless otherwise stated all growth rates discussed in the Finance Director's Review are LFL (like-for-like) year-on-year net fees and profits, representing organic growth of operations at constant currency.

future growth prospects, this is now proposed via one special dividend of £150 million or 8.93 pence per share, to be approved by shareholders in November 2021. The Board also expects to restart ongoing special dividends in FY22.



Foreign exchange

Overall, net currency movements versus sterling positively impacted results in the year, increasing net fees by £1.1 million, and operating profit by £2.6 million. In the first half, the impact of exchange meant that Group fees increased by £4.0 million, while in the second half the strengthening of sterling, particularly against the US dollar and our Asian currencies, reduced reported Group fees by £2.9 million.

Fluctuations in the rates of the Group's key operating currencies versus sterling continue to represent a significant sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the Australian dollar and euro impacts net fees by

£0.9 million and £3.3 million respectively per annum, and operating profit by £0.3 million and £0.6 million respectively per annum.

The rate of exchange between the Australian dollar and sterling over the year ended 30 June 2021 averaged AUD 1.8037 and closed at AUD 1.8418. As at 24 August 2021 the rate stood at AUD 1.8908. The rate of exchange between the euro and sterling over the year ended 30 June 2021 averaged €1.1294 and closed at €1.1652. As at 24 August 2021 the rate stood at €1.1676.

The impact of these movements in exchange rates means that if we retranslate the Group's FY21 operating profit of £95.1 million at current exchange rates, the actual reported result would decrease by c.£5 million to c.£90 million. Clearly, foreign exchange movements may have a larger negative impact as Group operating profit increases in FY22.

Relative resilience in Temp, although Perm rebounded more strongly

Fees in Perm decreased by 10%, driven by an 11% decline in placement volume and a 1% increase in our average perm fee. Regionally, ANZ perm fees decreased by 6%, Germany by 18%, UK&I by 14% and RoW by 8%. Overall, underlying wage inflation started to increase in the second half, with pockets of higher inflation in certain skill-short markets.

Net fees in Temp, which incorporates our Contracting business and represented 61% of Group net fees, decreased by 6%. This comprised an 8% decline in volume and a 20bps decrease in underlying Temp margin⁽⁶⁾

to 14.5% (2020: 14.7%), due to mix, with greater resilience in our large Corporate accounts business (2020: 14.7%), partially offset by a 3% increase in mix and hours, with relative resilience in our higher paid Technology and Life Sciences specialisms.

In the second half, the recovery was increasingly led by Perm markets, with Perm fees up 18%. Temp fees grew by 9% in H2 and we saw some very encouraging trends, with good volume growth, a lengthening in average assignment duration and high average hours worked per Temp.

Movements in consultant headcount

Group consultant headcount at 30 June 2021 stood at 7,190, up 4% year-on-year and up 10% in the second half, and was c.10% below pre-pandemic levels.

Current trading

We have made a good start to FY22 with strong activity levels across all our main markets. Temp and Contracting markets overall are performing well, with higher-than-normal levels of contract extensions, and high average hours worked per Temp. Conditions in Perm are strong.

Candidate confidence is high, and there are clear signs of skill shortages and wage inflation in certain industries, particularly Technology and Life Sciences.

We expect Group headcount at the end of Q1 FY22 will increase by c.5% versus 30 June 2021, driven by broad-based ongoing investment in our key specialisms together with our FY22 SGI. In addition to our headcount additions in H2 FY21, these investments will help drive further sequential fee growth in FY22 and beyond. Our expectation is that total SGI investment in FY22 will be c.£20 million.

Australia & New Zealand

The strong sequential fee improvement we observed in Q4 continued in July and August. It is too early to quantify the negative impact on ongoing business activity and sentiment from the recent lockdowns implemented in most states, especially NSW and Victoria, and how long this will last.

- (5) FY21 cash generated by operations of £130.8 million was adjusted for the cash impact of lease payments of £50.0 million, and £118.3 million of FY20 payroll tax and VAT deferred paid in FY21. FY20 cash generated by operations of £247.4 million was adjusted for the cash impact of lease payments of £46.4 million and the £118.3 million of payroll tax and VAT deferred at 30 June 2020.
- (6) The underlying Temp margin is calculated as Temp net fees divided by Temp gross revenue and relates solely to Temp placements in which Hays generates net fees and specifically excludes transactions in which Hays acts as agent on behalf of workers supplied by third-party agencies and arrangements where the Group provides major payrolling services.
- (7) FY20 net cash excludes £118.3 million of deferred tax payments.
- (8) Operating cash conversion represents the conversion of pre-exceptional operating profit⁽³⁾ to cash generated from operations⁽⁵⁾.

Germany

Conditions are strong and we have a record number of contractors for this time of year, helped by new assignments and a slightly higher renewal rate on June-ending assignments than normal. We are seeing good sequential growth in Temp volumes, and Perm markets are strong.

United Kingdom & Ireland

Conditions are strong, particularly in Perm, and we are seeing good sequential fee improvement.

Rest of World

Conditions in the Americas are strong, led by the USA. In Asia, Mainland China continues to have good momentum, and EMEA is seeing good market conditions.

IFRS 16 – Leases

The Group applies the modified retrospective approach whereby the right-of-use asset at the date of initial application was measured at an amount equal to the lease liability. The Group's right-of-use assets decreased to £190.3 million (2020: £216.6 million) while lease liabilities reduced to £201.1 million (2020: £228.7 million). Depreciation of right-of-use lease assets was £45.1 million (2020: £45.5 million) and lease interest charges were £5.0 million (2020: £5.3 million).

Net finance charge

The net finance charge for the year was £7.0 million (2020: £8.8 million). Net bank interest payable including amortisation of arrangement fees was £0.6 million (2020: £1.1 million). The non-cash interest charge on lease liabilities under IFRS 16 was £5.0 million (2020: £5.3 million) and the non-cash interest charge on defined benefit pension scheme obligations was £1.1 million (2020: £1.9 million). The Pension Protection Fund levy was £0.2 million (2020: £0.2 million).

We expect the net finance charge for FY22 to be around £8.0 million, with the increase resulting from a higher non-cash net interest charge on the Group's defined benefit pension scheme.

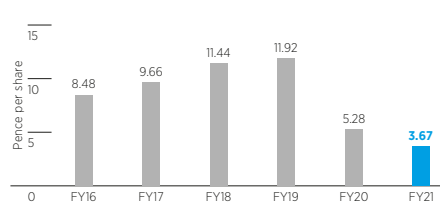
Taxation

Taxation for the year on profit was £26.6 million (2020: £46.2 million before exceptional items), representing an effective tax rate of 30.2% (2020: 36.6%). The decrease in the effective tax rate (ETR) reflects the Group's geographical mix of profits, the impact of reduced trading losses in certain countries and the impact of the partial recognition of certain UK deferred tax assets.

Earnings per share

Basic earnings per share before exceptional items decreased by 30% to 3.67 pence (2020: 5.28 pence), reflecting the Group's lower operating profit⁽³⁾ given the significant negative trading impact of the pandemic, and a 10.7% increase in our average number of shares as a result of our equity placement in April 2020. This was partially offset by our lower effective tax rate and lower net finance charge. As there were no exceptional items in FY21, basic earnings per share after exceptional charges was also 3.67 pence, representing an increase of 17%⁽³⁾ (2020: 3.14 pence).

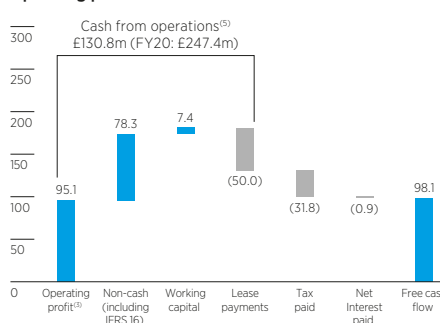
Earnings per share⁽³⁾ p



Cash flow and balance sheet

Underlying cash performance was strong with 138%⁽⁸⁾ conversion of operating profit⁽³⁾ into operating cash flow⁽⁵⁾ (2020: 183%⁽⁸⁾). This was a result of continued strong cash generation, driven by a very strong performance by our credit control teams globally with average trade debtor days decreasing to 33 days (2020: 36 days).

Operating profit⁽³⁾ to free cash flow £m



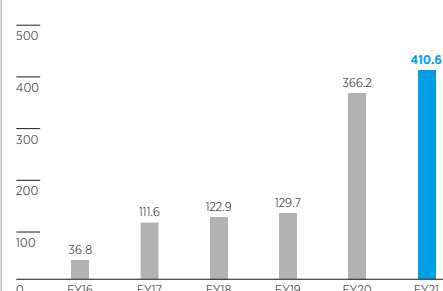
Capital expenditure was £18.8 million (2020: £25.8 million), with continued investments in cyber security, front-office systems and automation of our back-office systems. We expect capital expenditure to be c.£25 million for FY22.

No dividends were paid in the year (2020: £121.6 million) and pension contributions were £16.7 million (2020: £16.1 million). Net interest paid was £0.9 million (2020: £1.4 million) and corporation tax payments were £31.8 million (2020: £29.8 million).

During the year we also purchased 5.8 million shares under our treasury share purchase programme, at an average price of 109.9 pence per share. The shares will be held in treasury and will be utilised to satisfy employee share-based award obligations over the next two years.

We ended the year with the strongest balance sheet in our history, including a net cash position of £410.6 million, having fully paid £118.3 million of tax deferrals from FY20 during the year.

Closing net cash/(net debt)⁽⁷⁾ £m



Retirement benefits

The Group's pension position under IAS 19 at 30 June 2021 has resulted in a surplus of £46.6 million, compared to a surplus of £55.2 million at 30 June 2020. The decrease in surplus of £8.6 million was primarily due to a reduction in scheme asset values, partially offset by changes to financial assumptions, notably an increase in the discount rate, together with Company contributions. In respect of IFRIC 14, the Schemes' Definitive Deed and Rules is considered to provide Hays with an unconditional right to a refund of surplus assets and therefore the recognition of a net defined benefit scheme asset is not restricted. Agreements to make funding contributions do not give rise to any additional liabilities in respect of the scheme.

During the year the Company contributed £16.3 million of cash to the defined benefit scheme (2020: £15.7 million), in line with the agreed actuarial deficit recovery plan. The 2018 triennial valuation quantified the actuarial deficit at £43.6 million on a Technical Provisions (TP) basis and the recovery plan comprises an annual payment of £15.3 million from July 2018, with a fixed 3% uplift per year, over a period of just under six years. The scheme was closed to new entrants in 2001 and to future accrual in June 2012.

Exceptional charge

There were no exceptional charges in FY21.

In FY20, the Group incurred an exceptional charge of £39.9 million in relation to the following items, specifically:

In January 2020, the Group undertook a restructure of its business operations in Germany to provide a greater focus and alignment to the mid-sized enterprises known as the Mittelstand, together with a dedicated large Corporate Accounts division, at a cost of £12.6 million. Following the subsequent global Covid-19 pandemic, and the immediate reduction in demand for recruitment services, the business operations of several other countries across the Group were restructured, primarily to reduce operating costs. The restructuring exercise led to the redundancy of a number of employees, primarily senior management positions, and incurred costs of £7.0 million. The Group incurred an £8.0 million cash outflow in FY21 in respect of the FY20 exceptional charge.

Additionally, goodwill impairment reviews were performed on 30 June 2020 by comparing the carrying value of goodwill with the recoverable amounts of the Group's 'Cash Generating Units' (CGUs), to which goodwill has been allocated. Before impairment testing, the carrying value in respect of the US business, which is part of the Rest of World segment, was £43.4 million. The US business was performing in line with expectations up until the Covid-19 pandemic but as disclosed in previous years, the business had limited headroom on the carrying value of goodwill. The Group's priority was to continue to make investments in the US business in order to accelerate growth in line with the Group's long-term strategy to build a strong presence in the US in order to maximise the long-term growth opportunities available in the market. Because of this ongoing investment, against a difficult market backdrop, management revised the cash flow forecast for the US CGU and as a result reduced its carrying value through the recognition of an exceptional impairment loss against goodwill in FY20 of £20.3 million. The recoverable amount was considered to be in line with its value-in-use and was considered higher than its fair value less cost of disposal.

Capital structure and dividend

The Board's priorities for our free cash flow are to fund the Group's investment and development, maintain a strong balance sheet and deliver a sustainable core dividend at a level which is both affordable and appropriate. Given the strong recovery in Group profitability, our strong balance sheet and confidence in our outlook, and as previously announced, the Board proposes to resume core dividends with one single payment for FY21 of 1.22 pence per share, representing 3.0x dividend cover. Our target dividend cover range remains 2.0 to 3.0x earnings.

The Board expects to resume ongoing special dividends in FY22. Our policy for such special dividends will be based on paying cash above our buffer at each financial year-end of £100 million. As mentioned on page 11, we have budgeted a further £110 million buffer for working capital rebuild which will reduce as our Temp book grows and working capital increases, including any normalisation in client payment times. This equates to the cumulative Group working capital inflow since the start of the pandemic, at 30 June 2021. Any ongoing special dividends will also be dependent on a return to more normal levels of profitability, and a positive economic outlook.

Our business model remains highly cash generative, and in recent years we have a track record of paying cash to shareholders, with c.£374 million in core and special dividends paid in respect of FY17 to FY19.

Treasury management

The Group's operations are financed by retained earnings and cash reserves. In addition, the Group has in place a £210 million revolving credit facility, which reduces in November 2024 to £170 million and expires in November 2025. This provides considerable headroom versus current and future Group funding requirements.

The covenants within the facility require the Group's interest cover ratio to be at least 4:1 (ratio as at 30 June 2021: 283:1) and its leverage ratio (net debt to EBITDA) to be no greater than 2.5:1 (as at 30 June 2021 the Group held a net cash position). The interest rate of the facility is on a ratchet mechanism with a margin payable over LIBOR in the range 0.70% to 1.50%.

The Group's UK-based Treasury function manages the Group's currency and interest rate risks in accordance with policies and procedures set by the Board and is responsible for day-to-day cash management; the arrangement of external borrowing facilities; and the investment of surplus funds. The Treasury function does not engage in speculative transactions and does not operate as a profit centre, and the Group does not hold or use derivative financial instruments for speculative purposes.

The Group's cash management policy is to minimise interest payments by closely managing Group cash balances and external borrowings. euro-denominated cash positions are managed centrally using a cash concentration arrangement which enhances liquidity by utilising participating country bank balances on a daily basis. Any Group surplus balance is used to repay any maturing loans under the Group's revolving credit

facility or is invested in overnight money market deposits. As the Group holds a sterling-denominated debt facility and generates significant foreign currency cash flows, the Board considers it appropriate in certain cases to use derivative financial instruments as part of its day-to-day cash management. The Group does not use derivatives to hedge balance sheet and income statement translation exposure.

The Group is exposed to interest rate risk on floating rate bank loans and overdrafts. It is the Group's policy to limit its exposure to interest rates by selectively hedging interest rate risk using derivative financial instruments. However, there were no interest rate swaps held by the Group during the current or prior year. Counterparty credit risk arises primarily from the investment of surplus funds. Risks are closely monitored using credit ratings assigned to financial institutions by international credit rating agencies. The Group restricts transactions to banks that have an acceptable credit profile and limits its exposure to each institution accordingly.

Paul Venables

Group Finance Director
25 August 2021

INTEGRATING SUSTAINABILITY INTO THE WORLD OF WORK

Our Purpose and Values help to underpin our culture, and our relationships with our stakeholders.

Non-financial performance reporting

Our purpose is to benefit society by helping people succeed and enabling organisations to thrive, creating opportunities and improving lives. Our values define how we do business and how we interact with our many stakeholders.

As our business grows, and as we recruit new talent or face new challenges, our values guide our people in the decisions and actions they take every day. Doing business 'the right way' means delivering a sustainable strategy which benefits all stakeholders. This includes our policies and actions in environmental

matters, and ensuring fair rates of tax are paid and discrimination and labour exploitation are not tolerated. As a global recruiter, we are also in a position to help our clients in Equity, Diversity & Inclusion by building talent pools which reflect the wider society.

The following table outlines where the key content requirements of the non-financial information statement (as required by Sections 414CA and 414CB of the Companies Act 2006) can be found in this document. The information provided below is to help our stakeholders understand our position on key non-financial matters.

Engaging with our stakeholders

There are various ways in which we engage with our stakeholders, who include our clients, candidates, employees, investors, suppliers, local communities, governments and regulatory bodies. A summary of this can information can be found on pages 16 to 19.

Clients and candidates

We are the leading global experts in qualified, professional and skilled recruitment. By building long-term relationships with candidates, we help enable their careers. We consult with our clients, helping them find the talent they need to deliver their growth plans. Understanding their needs helps us achieve lasting impacts.

Although we use cutting-edge technology in areas such as data analytics and machine learning within our business, we firmly believe it is our human interaction with people that sets us apart and builds trusted relationships.

Our goal is to have our clients and candidates as lifelong partners and support them on their journey through the different phases of their

Reporting requirements	Policies or standards with which we govern or approach ⁽¹⁾	Due diligence, outcomes and additional information	Page
Environmental matters	Group Environmental and Sustainability Policy	Our approach to corporate responsibility and sustainability Our Journey to Net Zero ESG engagements	16, 18, 52
Employees	Our Purpose and Values Health and Safety policy Internal HR policies including equal opportunities, ED&I Policy, flexible working policy, parental leave policy. Directors' Remuneration Policy	Retention of key talent Creating a supportive workplace environment Equity, Diversity & Inclusion at Hays Employee survey results Remuneration Report	49, 83
Human rights	Code of Conduct Modern Slavery Statement Supplier Code of Conduct	Our approach to corporate responsibility and sustainability Human rights Our Suppliers Our Clients	49, 50
Social matters	Hays Helps, our volunteering policy	Contributing to society, investors and local communities Our clients and candidates	51
Anti-bribery and anti-corruption	Code of Conduct Anti-bribery and Corruption policy Group Tax Strategy	Anti-bribery and corruption Whistleblowing Our approach to Tax	50
Additional information			
Description of business model			See page 20
Non-financial key performance indicators			See page 37
Description and management of principal risks and impact of business activity			See page 55

(1) Certain policies, standards and guidelines are published on haysplc.com.

business and career. Our engagement is multi-channel, working through our website, social media, flagship publications such as the Hays Salary Guide, and Hays Thrive, our free-to-use Training & Wellbeing platform.

We have a large and ever-increasing repository of content on Viewpoint, our global careers and workplace advice platform (social.hays.com), that illustrates our deep expertise in the world of work. It's a deep stream of knowledge which delivers insight to our clients and candidates and helps us to become their trusted lifelong partner. Examples of the knowledge-based insights we share across multiple digital channels include our 'How did you get that job?', Careers Advice and Leadership Insights podcasts, as well as a programme of LinkedIn Live events that generate many thousands of attendees.

Our Cookies and Privacy Policies are available on our websites and these govern practices concerning the use and disclosure of user data.

You can read more about our engagement with clients and candidates on pages 16 and 17.

Employees

We are the ultimate people business. As such, the ability to attract, develop, enable and retain the best consultants and managers in our industry is vital to our success. We have carefully built our culture over many years and have created an exciting, vibrant work environment.

Training

We strive to provide our people with attractive career paths and train them to be experts in their fields. In addition, we run annual compliance training globally which covers key topics including anti-bribery and corruption, protecting personal data and competition law. We also provide tailored training to consultants and leaders. These programmes are shaped for each region, but all share the common goal of improving expert, excellent service to clients and candidates.

Additionally, our highly successful International Leadership & Management Programme (ILMP) is designed to equip our top leaders with the skills and approach to lead our business in a time of change and increasing complexity. Further information on ILMP can be found on page 27.

Employee involvement

Ongoing communication forms trust and partnership between Hays' senior leadership and its employees. Employees receive business performance updates from Alistair Cox, the Chief Executive, and from their respective regional Managing Directors, by email on a monthly basis. We have also

introduced a successful series of online 'Town Hall' meetings where colleagues can ask questions directly to regional and executive management, and will move to a mix of online and in-person meetings once travel restrictions ease.

The Group's Net Zero commitment and journey has also been communicated to all employees via Chief Executive emails and we have set up a dedicated Net Zero@Hays section on our intranet. All employees have been given at least one paid volunteering day per year to contribute to helping sectors of society improve their employability opportunities under Hays Helps. There is a dedicated Hays Helps page on our intranet.

All communications and videos are posted on the Group's intranet, which acts as a source of reference for the Group's brand, values, policies and procedures.

MT Rainey is the Designated NED for Workforce Engagement at Hays. Subsequent to her appointment to the role and into FY20, MT had invested time working on the scope of the role, and worked on a number of Group-wide employee engagement activities. You can read more about her activities on page 75.

During FY21, we conducted two Your Voice surveys. You can read more about the survey and the results in our KPIs on pages 27 and 37.

We are committed to providing a range of employee benefits to support engagement and retention, including employee incentive programmes of commission schemes, performance-related cash bonuses and share schemes, along with health and wellbeing packages. The employee share schemes have been running successfully since inception and provide many employees with an additional stake in the business.

Wellbeing

Our overall global employee wellbeing strategy is made up of five key pillars: my life, my health, my money, my work environment and my learning & development. As part of the 'my health' pillar, all Hays employees in the UK & Ireland now have access to unlimited private online GP appointments per year via Babylon's Digital Doctor. The initiative has proved extremely popular and our offering has evolved further based on feedback from UK&I employees.

As the world switched to home working overnight, as part of Wellbeing@Hays, resources were developed for employees to support them in working from home with guides and blogs posted on our intranet. In UK&I, we have regional wellbeing champions who have run campaigns and

virtual employee events designed to keep people in touch with each other and promote ways of maintaining or improving good physical and mental health e.g. virtual tea breaks, virtual movie nights, exercise challenges and classes via Teams, virtual quiz nights and fundraising campaigns for our charity partner. These types of activities were also rolled out in many Hays offices across the world as we sought to ensure the wellbeing of our employees during Covid lockdowns.

There was also a greater focus on mental health during this period and resources were provided to managers to support employees working from home as well as to those returning to office working. We also celebrated Mental Health Awareness Week during the year, promoting steps towards maintaining good mental health. Our Lifeworks webinar was delivered to people managers to help better signpost employees to the employee assistance programme.

We also launched Hays Boost to support the development of skills and practices to help employees to look after their mental and physical health, and to develop new skills. Hays Boost complements the learning and development opportunities already on offer and has been developed following the resounding success of Hays Thrive.

As part of Parents@Hays, which is committed to supporting parents and prospective parents, we created a virtual parents network on Teams and also provided guides and resources as many were juggling working and childcare during these unprecedented times. In China, Parents@Hays pledges to help mothers return to work by providing flexible work solutions and child support benefits.

Financial wellbeing has also been a focus in the UK and during FY21 we launched SAVE, the ability for employees to save money directly via payroll into a building society savings account and build their savings for a 'rainy day', or for a specific aim such as holidays or longer-term goals.

Whistleblowing

Raising concerns at work: we also offer employees a confidential reporting line, managed by an independent third party, accessible by telephone or online 24 hours a day, 365 days a year (as allowed under applicable law, employees may submit reports to the confidential line anonymously in over 100 languages).

Anti-bribery and corruption

Hays has a zero-tolerance approach to bribery and corruption. All employees are required to comply with the Hays Anti-Bribery and Corruption Policy and undertake

training on it annually. The policy prohibits the giving or receiving of bribes in any form. All employees are expected to act with honesty, integrity and fairness. The offer or acceptance of any form of bribery is prohibited, including facilitation payments. Hospitality, gifts and improper offers or payments that seek to induce or reward improper performance or might appear to place any person under an obligation are prohibited.

As part of our approach to bribery and corruption, Hays likewise has a zero tolerance approach to tax evasion and the facilitation of tax evasion.

We expect all Hays companies and employees to adhere to the highest ethical and legal standards in business dealings throughout the world. Conflicts of interest that interfere with proper performance or independent judgment are prohibited.

We expect our staff to communicate transparently and honestly with our clients, candidates, business partners, suppliers, governments and regulatory bodies, within the framework of privacy and confidentiality.

Our approach to tax

Hays subscribes to the view that tax matters. We understand that it helps to fund vital public services and when paid fairly it ensures a level playing field for businesses, whether large or small.

We therefore manage our tax affairs to ensure the payment of the correct amount of tax in the appropriate jurisdiction at the right time. Hays does not pursue any artificial or aggressive tax planning arrangements, defining such measures as transactions not driven by a valid commercial outcome or transactions that lack significant economic substance. However, Hays also strives to remain competitive by seeking to mitigate tax costs through reviewing commercially motivated activities, whilst having full regard for Hays' reputation and its wider corporate responsibilities.

Hays does not condone the criminal evasion of tax nor the facilitation of tax evasion, whether undertaken by an employee or an associated business partner acting on behalf of Hays. Appropriate controls are in place to detect and prevent such activities, whilst guidelines and training are provided to ensure all employees are aware of their responsibilities to report suspicious activities. Tax risk is managed through internal control policies and procedures, training and compliance programmes, and proactive engagement between the Group Tax Team and the broader business.

Hays adopts a transparent, proactive approach with tax authorities. We comply with our tax filing, reporting and payment obligations globally on a timely basis. From time to time a tax authority may have interpreted tax legislation, and therefore tax treatment, in a different manner to Hays. Where this occurs, we aim to work collaboratively with the tax authority to achieve an early resolution.

Our tax strategy is available at haysplc.com/sustainability.

Equity, Diversity & Inclusion at Hays

By reflecting the societies in which we operate and embracing diversity, we can continue to drive an outstanding organisational culture that impacts business results and delivers world-class service to our client/candidates. At Hays, diversity means understanding and reflecting the community in which we operate, and building loyalty with our colleagues, candidates and clients.

Differences such as age, gender, ethnicity, physical appearance, religion, disability, education and beliefs are valued, and everyone has the opportunity to contribute to the Group and fulfil their potential.

We also believe that responsible companies should have Equity, Diversity & Inclusion (ED&I) at their heart. The Group's ED&I Council ensures the effectiveness and suitability of the Hays diversity policy for our local markets, and also provides a Group framework to enable greater coordination and sharing of best practice.

During FY21, the ED&I Council made excellent progress. For the first time in our history, we have set stretching targets on female representation in senior management. By 2025, we have committed to reach a level of 45% female leaders (FY21: 42% female) among our senior leadership of c.560 individuals, and to reach 50% by 2030.

Our commitment to equal opportunities forms part of our Code of Conduct and Ethics Policy. We make every effort to ensure that no discrimination arises during the recruitment, employment and period after employment of any employee for reasons of gender, sexual orientation, marital status, creed, colour, race, nationality, ethnic or national origin, religious or other belief, political opinion, spent convictions, disability or age, and all employees are expected to deal with all persons with the same attention, courtesy and consideration. Respect for people and becoming an 'Employer of Choice' form part of our values.

Our aim is to ensure an open, honest and fair working environment in every office such that all our colleagues feel part of Hays and are respected as individuals. Hays gives full consideration to applications for employment from disabled persons where they have the right skills and abilities for the role. Should an employee become disabled while working for the Group, Hays would make every effort to accommodate them, to assist them in any re-training or to find suitable alternative employment within the Group.

Across the Group we have implemented 'Inclusive Recruitment', within which practices include removing names and redacting personal details from resumes, assessing on skills and competencies, and increasing diversity in our hiring panels. This is to mitigate any potential bias in our hiring process. All new employees in the UK undergo training in ED&I.

Our commitment to equal opportunities also applies in building our talent pools and introducing candidates to clients.

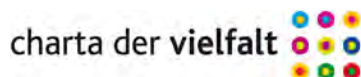
We are proud to see how passionately our ED&I initiatives are being supported by our own Hays people. Examples of how we are making a difference are as follows: In Australia and New Zealand, Hays has been on a journey of learning and discovery since the inception of the Hays Reflect Reconciliation Action Plan (RAP) in October 2020. This plan is designed to promote Aboriginal Engagement across Australia and various initiatives have been undertaken, including improving employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development through our recently created Hays Indigenous Internship programme. Overall in FY21, 5% of total candidates placed across our top-10 clients identified as indigenous.

In the USA, two employee forums related to BLM were conducted. The first forum created a safe place for our African American employees to come together in community to support each other and share their personal stories.

The regional management team also hosted a regional Diversity Council call, which received an overwhelming response as more than 200 employees joined the call. The feedback received during this conversation tied into our ED&I Strategic Action Plan. A key output of the conversation was that Hays America now recognises Martin Luther King Day as a paid holiday.

We extended our US ED&I initiatives externally, initiating a partnership with a leading diversity job board, posting all of our job openings to hundreds of diversity job sites. We have begun partnerships with HBCUs (Historically Black Colleges and Universities) to provide opportunities for graduates to join our team or to be candidates for clients. During the year, we set a target to increase our racially diverse population to 30% (from 24%) within 12 months, and exceeded this within six months.

In Germany, Hays diversity week was celebrated with daily events, webinars and breakout sessions. Each day was dedicated to one diversity dimension (LGBTQ+; Diversity in General; age; Dads @ Hays; ethnic minorities) and hosted by the regional Diversity Council. An interactive workshop with an anti-racism expert was one of the most popular sessions which raised awareness on discrimination and how to be an ally. We are also signatories of 'Charta der Vielfalt' (Diversity Charter), an official commitment to supporting and developing diversity management.



In the UK, Hays holds the National Equality Standard (NES). The NES is one of the UK's most prestigious accreditations awarded to businesses who demonstrate their commitment to ED&I.

ED&I is also a growing priority for many of our clients. We increasingly assist them to achieve their goals of building a more diverse workforce. We continue to raise awareness and encourage an ongoing dialogue.

We supported the LGBTQ+ community by hosting a number of leadership events and took part in Pride celebrations. In the UK we have set up the Hays Pride Network, which was established by staff as a network for LGBTQ+ employees and allies.



In early 2021 the Hays ANZ PRIDE committee was launched. The community has gained over 60 committee members who have self-nominated to deliver on the Group's mission to create a culture of trust, respect, equality and inclusion so that LGBTQ+ staff and their allies can bring their whole, authentic self to work.

Pride Network (Americas) was formed in July 2020; one of the main areas for business is to enable members to support colleagues and clients in inclusive recruitment.

Gender statistics as at 30 June 2021 are provided opposite using four measures. The difference between two female senior management charts reflect different populations: the first covers the top 158 managers in Hays, the second is the top 560 leaders.

Contributing to society, investors and local communities

We undertake significant volunteering and charity fundraising via Hays Helps, whereby each employee has at least one paid volunteer day per annum – the equivalent of over 2,150 working weeks of volunteering. We launched the Hays Helps programme in 2021 to focus and align all of our global volunteering and fundraising activities towards the aim of ensuring we are supporting the communities and societies we serve by both lifting the employability of people who may not have the same opportunities as others and protecting the environments where we are based in order to create a sustainable future world of work.

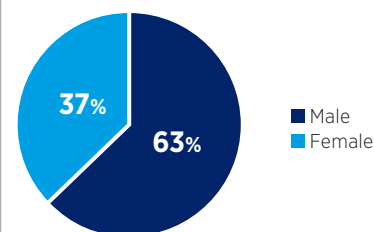
In the UK, we partner with End Youth Homelessness (EYH) and our colleagues undertook a number of fundraising activities to support EYH's Employability Fund, helping young people into employment, education and training pathways. We have also assisted with CV writing, job applications, interview coaching and with overall support during the hiring process.

In France, €22,495 was raised to support Inclusion and Diversity in two associations relating to our core business: 'La Cravate Solidaire' and 'A compétence égale'. These associations promote professional integration by offering interview help for job seekers experiencing difficulties in accessing or returning to work and we supported workshops to help them find employment.

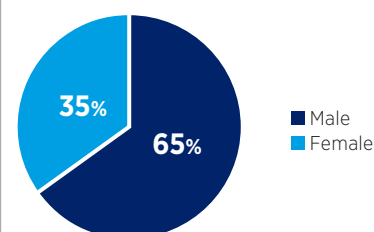
Our consultants in Chile provided career advice to professionals who were between jobs as a result of the pandemic.

In Germany, our staff worked with education association InitiativGruppe München, which has set up the project 'Women at Work and School' (FiBS). Migrant women received counselling on how to make a new start and get an opportunity for language training and professional qualifications. We supported with coaching sessions and interview simulations.

Split of Hays plc Board members

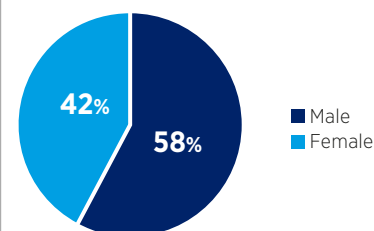


Split of senior management team members⁽¹⁾



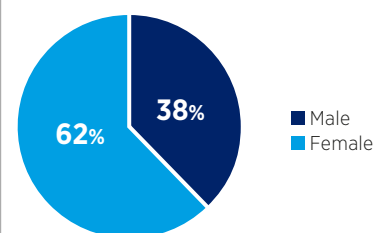
(1) As defined under the UK Corporate Governance Code.

Split of senior leaders⁽²⁾



(2) Comprises the top 560 senior leaders at Hays.

Split of employees



The mass transition of children to distance learning during the pandemic caused problems for less digitally-enabled children. In the Czech Republic, the staff bought laptops for children, supporting Klokánek, a project of the Fund for Endangered Children.

In the USA, the staff held various career education awareness programmes, mentorship programmes and donation drives in partnership with Think Big for Kids.

We partner with Be.Lab in New Zealand. This is a disability-focused social change organisation who run a mentorship programme where one of our employees is partnered with a mentee who is looking to join the workforce for the first time, return to the workforce, or who is already in the workforce but needs some additional support.

In Hong Kong we donated old Hays desktops to 'Billion Smart Green Energy', a start-up organisation that promotes green energy.

We also contribute to society through paying appropriate taxes in all the jurisdictions in which we operate.

You can read more examples about our engagement with society, investors and local communities on pages 14 to 19.

Human rights

Our relationships with clients, candidates, employees, business partners, suppliers and the communities within which we operate are based upon respect for individuals and their human rights. At Hays we are committed to our Code of Conduct and Ethics Policy, which reflects the way we operate. All staff within Hays are expected to act with integrity and honesty and behave in a way that is above reproach, as well as treat people fairly, with courtesy and respect, be responsible, respect diversity and communicate openly.

Supplier code of conduct

We expect our suppliers and potential suppliers to aim for high ethical standards and to operate in an ethical, legally-compliant and professional manner by adhering to our Supplier Code of Conduct. We also expect our suppliers to promote similar standards in their own supply chain.

Greenhouse gas emissions and our Net Zero journey

Hays gathers data from every office globally to calculate our greenhouse gas (GHG) emissions in accordance with the World Resources Institute (WRI) Greenhouse Gas Protocol. We also participate in the Carbon Disclosure Project (CDP) Climate Change Survey.

We measure our annual emissions in relation to employees (our 'intensity ratio'). As a people business, employee numbers is a quantifiable factor associated with our activities.

Our reporting year for GHG emissions is 1 April 2020 to 31 March 2021, and for the year, the tonne CO₂e per employee intensity was 0.76tCO₂e (against 1.57 tCO₂e/FTE last year). Clearly, the majority of the reduction was due to the closure of offices and restriction of travel due to the pandemic. Overall, the Group's Scope 1, 2 and 3 GHG emissions in the year to 31 March reduced from 18,036 tonnes in 2020 to 7,720 tonnes in 2021.

ClimatePartner have audited the Global Corporate Carbon Footprint of the Company, and can confirm that Hays' measurement was in line with the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol), and was conducted to sufficient data quality.

Environmental matters

We are ever-mindful of our impact on the environment; we are committed to operating our business in an increasingly sustainable manner and have put in place firm global and regional policies to reduce our environmental impact year-on-year.

We are proud that Hays was a Carbon Neutral company for the first time in our history in FY21, based on offsetting our Scope 1, Scope 2 and selected Scope 3 GHG emissions through our cooperation with climate action expert ClimatePartner. We have committed to a path to Net Zero GHG emissions and have put in place permanent environment and sustainable policies which should halve our Group GHG emissions, versus 2020 levels, by 2025. We are in the process of registering a Science-Based Target to support the Paris Agreement on Climate Change.

We expect an increase in GHG output in 2022 as more normal business practices resume and restrictions on travel ease. However, we are committed to achieving a 50% reduction in our GHG emissions by 2025, based on a 2020 base year. As an example of how we will do this, the Board has set a target for a 40% reduction in flights by 2025, and to have all our offices on a renewable energy supply within two years, where there is a viable solution available. Additionally, we will significantly increase the proportion of our cars which are either electric or hybrid. The Company does not maintain a private jet.

Over the past three years in the UK, the Zero Heroes committee has promoted our sustainability agenda. By ceasing to order any single-use plastic items, Hays reduced the amount of single-use plastic across our

UK & Ireland business by 70%, measured through individual office audits. The committee was also involved in securing a deal which ensures electricity in our offices comes from a renewable source. This commenced in October 2020 and is expected to save c.1,000 tonnes of carbon dioxide over two years.

The committee also promoted a sustainability article in Recruiter Magazine in December 2020, authored by the Managing Director of our UK & Ireland business.

Globally, our regional offices have their own initiatives to achieve our sustainability agenda and reduce our environmental impact year-on-year. We recognise that some regions may be more proactive than others and we are examining how to put a system in place to share any learnings from regions who have implemented proactive measures.

The Company also notes the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to encourage businesses to increase disclosure of climate-related information, which focus on governance; risk management; strategy; and metrics and targets. As noted above, the Company has made considerable progress during FY21 with ambitious targets for carbon reductions and the approval by the Board of a formal environmental and sustainability policy; we will continue our work to identify climate change risks to the business and report on these in future annual reports.

FTSE4Good Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hays plc has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



FTSE4Good

Global Greenhouse Gas emissions data

Energy and GHG emissions data for Reporting Year 1 April 2020 – 31 March 2021^(1,2)

Reporting category	Energy Consumption (kWh)			Market-Based Methodology (Tonnes of CO ₂ e)		
	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	318,231	1,035,135	5.1%	59	202	3.4%
Vehicle fuel (Scope 1)	1,258,873	10,629,030	44.7%	314	2,669	39.0%
Refrigerant (Scope 1)	0	0	0.0%	0	0	0.0%
Electricity (Scope 2)	3,126,902	7,356,994	39.4%	188	3,245	44.0%
District heating (Scope 2)	0	2,885,439	10.8%	0	324	4.2%
Air travel (Scope 3)	N/A	N/A	0.0%	1	262	3.4%
Rail travel (Scope 3)	N/A	N/A	0.0%	0	14	0.2%
Electricity T&D losses (Scope 3)	N/A	N/A	0.0%	63	188	3.3%
Private cars (business use) (Scope 3)	N/A	N/A	0.0%	12	179	2.5%
Total Scope 1, 2 & 3	4,704,006	21,906,598	100.0%	637	7,083	100.0%
Scope 1, 2 & 3 intensity ratio: per FTE	1,832	2,869		0.25	0.93	
Group Total Scope 1, 2 & 3	26,610,604			7,720		
Group intensity ratio: per FTE				0.76		

Energy and GHG emissions data for Reporting Year 1 April 2019 – 31 March 2020^(1,2)

Reporting category	Energy Consumption (kWh)			Market-Based Methodology (Tonnes of CO ₂ e)		
	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3	UK and offshore	Global (excluding UK and offshore)	% Contribution to total Scope 1, 2 & 3
Operational fuel (Scope 1)	257,593	1,947,347	5.3%	48	386	2.4%
Vehicle fuel (Scope 1)	4,355,775	17,763,716	53.2%	1,077	4,417	30.5%
Refrigerant (Scope 1)	0	0	0.0%	0	0	0.0%
Electricity (Scope 2)	4,792,641	9,641,251	34.7%	1,826	3,952	32.0%
District heating (Scope 2)	0	2,814,812	6.8%	0	388	2.2%
Air travel (Scope 3)	N/A	N/A	0.0%	559	4,054	25.6%
Rail travel (Scope 3)	N/A	N/A	0.0%	87	540	3.5%
Electricity T&D losses (Scope 3)	N/A	N/A	0.0%	104	353	2.5%
Private cars (business use) (Scope 3)	N/A	N/A	0.0%	92	156	1.4%
Total Scope 1, 2 & 3	9,406,009	32,167,126	100.0%	3,793	14,243	100.0%
Scope 1, 2 & 3 intensity ratio: per FTE	3,124	3,845		1.26	1.70	
Group Total Scope 1, 2 & 3	41,573,135			18,036		
Group intensity ratio: per FTE				1.57		

(1) Please note that rounding may exist.

(2) Methodology: The method used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, BEIS, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

2021 awards for excellence

In Poland, Hays secured 1st place in Recruitment & Selection and Executive Search categories in Book of Lists 2020/2021 ranking. Book of Lists is a guide to Polish business and economy, presenting information on the best and largest 1,000 companies from eight sectors of the B2B economy.

Hays Poland was also declared winner of Outsourcing Stars Award in Permanent Category. Outsourcing Stars is a competition run by Pro Progressio – an independent organisation focused on the development of the Business Services sector. The final of the competition awarded are the fastest-growing organisations operating in the sector of modern business services.

In Germany, Hays secured a 'Best place to learn' award. The award certifies AUBI-Plus employers who stand out due to their excellent performance as a training company and sustainable promotion of young talent.

Hays also secured a 'Top Employer' award certified by the Top Employers Institute who certify employers who distinguish themselves through above-average employee orientation.

Hays Public Practice was awarded the Gold Trophy in the 'Recruitment Consultancy' category by Le Monde du Chiffre in France. This award rewards the best partners of chartered accountants and auditors in several categories, with more than 40,000 experts participating.

Hays ANZ was the proud recipient of the 'Excellence in Innovation' award at the Work Australia Disability Employment Services Awards. This award recognises Hays' commitment to facilitating an inclusive workplace and promoting opportunities for people with differing abilities to join our business.



PRINCIPAL RISKS

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness.

Managing risks to achieve our strategic priorities

We focus on key risks which could impact the achievement of our strategic priorities and objectives and, therefore, on the performance of our business.

Risk governance – identifying, evaluating and managing risk

The Board has overall responsibility for the Group's internal control systems and for reviewing their effectiveness. This has been designed to assist the Board in making better, more risk-informed, strategic decisions with a view to creating and protecting shareholder value. In practice, the Board delegates the task of implementing its policies on risk and control to management and needs to assure itself on an ongoing basis that management is responding appropriately to these risks and controls.

Ownership and responsibility for operating risk management and controls is vested in management by the Board, and management needs to provide leadership and direction to ensure the Group's overall risk-taking activity is cascaded to and managed appropriately with employees in order that the business is operated within the agreed level of risk appetite. To manage the effectiveness of this the Board and management need to rely on adequate line functions, including monitoring and assurance functions, within the Group.

As such the organisation operates the 'Three Lines of Defence' model as a way of explaining the relationship between these functions and demonstrating how responsibilities are allocated:

- The first line of defence: responsibility to own and manage risk;
- The second line of defence: responsibility to monitor and oversee risk; and
- The third line of defence: functions that provide independent assurance.

The Group Risk Committee, chaired by the Chief Risk Officer and comprising senior operational, IT, legal and finance representatives including the Group Finance Director and Company Secretary & General Counsel, assists in the strategic management and development of risk across the Group. The Group Risk Committee also allows the opportunity to review and discuss changes in the risk profile, either from an internal or external perspective, including emerging risks. The Board and management continued to consider emerging risks, to ensure appropriate internal processes are defined in order to confirm that emerging risks are re-considered and monitored across the Group.

Risk identification and impact – enterprise risk management

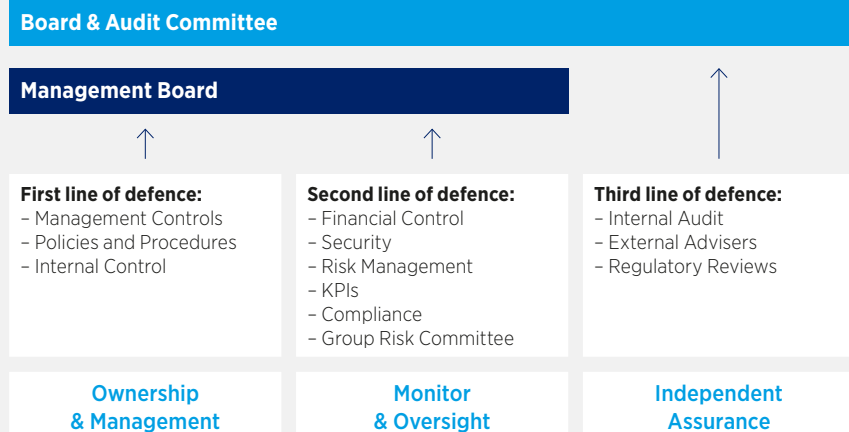
The Management Board oversees a Group-wide enterprise risk management framework, which allows for both a holistic, top-down

and bottom-up view of key risks facing the business with Hays' risks being analysed on a gross (pre-mitigation) and net (post-mitigation) basis. Risk registers are maintained at a function, country and regional level, which are reviewed by senior management and consolidated annually. These risks are reviewed in conjunction with the Group risk register, which is reviewed at least annually by the Management Board and submitted to the Board thereafter, in order to enable it to carry out its risk oversight responsibility. This exercise involves a current and forward look at various risks affecting the business and prioritises them according to risk impact and likelihood, which enables the Board to assess both the risk and the effectiveness of the mitigations in managing those risks. Risks covered include strategic, operational, financial and reputational risks, as well as compliance and people-related risks. The ongoing impact of the Covid-19 pandemic was assessed within this framework and further information on that is provided later in this report.

Each risk is assigned an owner with current and future risk mitigation procedures detailed, with the continuing monitoring of these undertaken on an ongoing basis to ensure that these are being developed and maintained appropriately.

The enterprise risk management framework and emerging risk framework is updated and presented to the Audit Committee at least annually in order to allow the Board to assess the effectiveness of the risk management processes and systems.

How we monitor our progress – three lines of defence



Risk attributes

When considering risk appetite the Board considers this in terms of the following attributes:

- Experienced and stable management team globally;
- Strong balance sheet, including the level of operational gearing; and
- Clear and open communication channels.

Our risk appetite

Responsibility for the level of risk that the Group is willing to accept is vested in the Hays plc Board and the principal risks have been mapped through our risk appetite process in order to identify the tolerance levels and target position per risk and to assess both the current and future mitigating actions required.

From this exercise the Board is able to determine what an acceptable level of risk is for the Group, cognisant that Hays has an established and proactive approach to measuring performance and considers risk an integral part of the decision-making process.

Due to the nature of the recruitment market Hays operates a measured risk appetite position due to it being a cyclical business and sensitive to macroeconomic conditions, resulting in a lack of forward visibility of fees and as a consequence increases the overall risk environment.

Emerging risks

Following the requirements of the UK Corporate Governance Code 2018, for the second year, the Board undertook a formal exercise using horizon scanning, to identify and assess emerging risks. The assessment considered potential risks across a number of areas, being:

- Strategic/economic;
- Reputation/regulatory;
- Technology; and
- Environmental.

Each identified emerging risk was then plotted by impact and time horizon.

Emerging risk and horizon scanning process is newly embedded into the risk programme going forward, in order to further ensure that emerging risks are being considered and monitored.

Viability statement

In accordance with the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Group over a period longer than the 12 months from the date of approval of the financial statements. In assessing viability, the Directors have considered a number of key factors, including our business model, our strategy and our principal risks and uncertainties (as set out on pages 58 to 61).

The Directors believe that a three-year period ending 30 June 2024 is the most relevant period over which to provide the viability statement, being supported by the appraisal of the principal risks and mitigating internal controls. This allows the Directors to assess and conclude that the Group will be able to operate within its existing bank covenants and maintain appropriate bank facilities to meet its funding requirements over a three-year period.

This three-year period also reflects our three-year planning cycle, which covers the same period, and considers the fast-moving nature of the industry. As such, collectively these factors allow the Directors a reasonable expectation, predicated on the basis that there are no unforeseen events outside of the Group's control that inhibit the Group's ability to continue trading, and that using a three-year period it is possible to form a reasonable expectation as to the Group's longer-term viability.

Process to assess the Group's prospects

As in prior years, the Board undertook a strategic business review in the current year which took into account the Group's current financial position and the potential impact of the principal risks set out on pages 58 to 61.

In addition, and in making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten the Group's business model, future performance and liquidity. While the review has considered all the principal risks identified by the Group, the resilience of the Group to the occurrence of these risks in severe yet plausible scenarios has been evaluated.

Financial position

At 30 June 2021 the Group had cash of £410.6 million compared to cash of £484.5 million at 30 June 2020 (£366.2 million after deducting tax payments which were deferred in agreement with local country tax regimes, but fully paid during the current year). In addition, the Group currently has an unsecured revolving credit facility of £210 million that reduces in November 2024 to £170 million, and expires in November 2025. The facility has remained undrawn throughout the current year. Whilst the Group's operations were significantly impacted by the Covid-19 pandemic, the Group had a strong working capital performance throughout the year with significant management focus on cash collection reducing average trade debtor days in the year to a record number of 33 days (2020: 36 days), with the majority of clients continuing to pay to agreed terms.

Stress testing

The Board approves an annual budget and reviews monthly management reports and quarterly forecasts. The output of the planning and budgeting processes has been used to perform a sensitivity analysis of the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison.

The sensitivity analysis modelled scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn, with a range of recovery scenarios considered. The Group's 'Stress Case' scenario assumes that the Group experiences another severe downturn similar in scale to the one caused by the Covid-19 pandemic in the year ended 30 June 2020, followed by a period of gradual recovery, as opposed to the significant recovery the Group experienced through the year ended 30 June 2021. The Stress Case scenario forecasts a strong cash position in excess of £290 million throughout the assessment period, with the revolving credit facility remaining undrawn with significant headroom against its banking covenants.

Set against these downside trading scenarios, the Board considered key mitigating factors including the geographic and sectoral diversity of the Group, its balanced business model across Temporary, Permanent and Contract recruitment services, and the significant working capital inflows which arise

in periods of severe downturn, particularly in the Temporary recruitment business, thus protecting liquidity as was the case during the global financial crisis of 2008/09 and which we experienced again when the pandemic hit in 2020.

In addition, the Group's strong balance sheet position and history of strong cash generation, tight cost control and flexible workforce management provides further protection. The Group also has in place its £210 million revolving credit facility which is currently undrawn. This facility is in place until November 2025, although at the lower value of £170 million in its final year due to reduced lender commitments received.

Confirmation of longer-term viability

Based on the above assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 June 2024.



Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Finance Director's Review, with details of the Group's treasury activities, long-term funding arrangements and exposure to financial risk included in notes 19 to 21 to the Consolidated Financial Statements.

The Group has sufficient financial resources which, together with internally-generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments and any proposed dividends. The Group is therefore well-placed to manage its business risks. After making enquiries, the Directors have formed the judgment at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the Going Concern period, being at least 12 months from the date of approval of the Consolidated Financial Statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Risk trends

The ongoing review of the Group's principal risks includes how these risks evolve. Changes in the trend/direction of our principal risks are noted against each risk on the following pages of this Report.



Risk description	Risk trend and type	Risk mitigation
<p>1. Covid-19 pandemic</p> <p>The Covid-19 pandemic continues to have a negative impact on the global economy and our business, with the majority of the countries across the world being affected. Whilst economies have rebounded strongly in H2 FY21 and most countries have reduced restrictions on activities, there remains a residual risk that further waves of infection may occur which could reduce economic confidence and activity, especially if businesses are subject to government policies in terms of lockdowns, quarantine and social distancing restrictions in order to control the transmission of the virus.</p> <p>As a result, over the course of the past year, a number of offices across the Hays global network have been closed at some point, with activity levels significantly decreased in both Temporary and Permanent markets, especially in H1 FY21. Many of our clients initially stopped new investment projects and embarked on redundancy programmes. Whilst we have seen a strong rebound in activity in H2 FY21, some uncertainty on the sustainability of any economic recovery remains.</p>	<p></p> <p>Operational Financial Strategic</p>	<p>In FY21, the pandemic continued to impact all our markets globally and our priority continued to be to look after the safety and wellbeing of our people and to support our business as it adjusted to new realities.</p> <p>During this time the Management Board closely monitored and reviewed events, with Board oversight, to determine and assess the response strategies, coupled with being supported by an experienced operational and finance team, allowing early trends to be identified and adjustments to be implemented as we continue to identify and focus investment on key growth markets, sectors and specialisms in light of new and changing market conditions.</p> <p>Hays have established and tested IT Disaster Recovery and capability together with documented Business Continuity Planning processes in place to mitigate the risk of lockdown and the inability to access offices within the network, with working from home capacity and processes having been built and implemented across the Group.</p> <p>In recent years Hays has eliminated net debt, but acknowledging the pace of the global Covid-19 pandemic, in addition to the existing banking RCF (£210 million) an equity placing of c.£196 million was made in April 2020 in order to provide the Group with a further liquidity buffer, to protect our business through the pandemic and which will allow for organic growth opportunities to be aggressively pursued as the recovery started.</p> <p>Hays has robust credit control procedures and a continuous monitoring of the aged debt position at both a Group and local level with robust cash and cost controls in place to protect both cash flow and profitability.</p> <p>As a result of the above actions and the significant improvement in trading in H2 FY21, we ended FY21 with £410.6 million net cash and this is a very strong financial position to deal with any further uncertainty.</p> <p>Relevant strategic priority</p> <p></p>



Build critical mass and diversity across our global platform



Invest in people and technology, responding to change and building relationships

Risk description	Risk trend and type	Risk mitigation
<p>2. Macroeconomic/cyclical business exposure</p> <p>The performance of the Group continued to be significantly impacted by changes to underlying economic and geopolitical activity, the levels of business confidence as businesses consider Permanent and Temporary hiring decisions and levels of candidate confidence, which impact their propensity to change jobs, particularly in our three biggest businesses in Germany, the UK and Australia.</p> <p>Much of FY21 was dominated by the Covid-19 pandemic which had led to the steepest slowdown in our business in its 53-year history. This had reduced both candidate confidence to change roles and client confidence and thus their appetite for investment. Whilst economic sentiment and activities rebounded strongly in H2 FY21, some residual risk remains.</p> <p>In addition, the current geopolitical environment could lead to protectionist measures being introduced, which could further damage the global economy.</p>	 Financial	<p>Hays has continued to diversify its operations to include a balance of both Temporary and Permanent recruitment services to Private and Public sector clients and operates across 33 countries and 20 sector specialisms.</p> <p>Progress is being made to further diversify the business to reduce the Group's reliance on Germany, the UK&I and ANZ, which currently represent 66% of the Group's net fees.</p> <p>Hays' cost base is highly variable and carefully managed to align with business activity and can be flexed and scaled accordingly to react to the individual markets. Temporary recruitment tends to be more resilient in times of economic uncertainty or downturn.</p> <p>Hays is highly cash-generative, requiring low levels of asset investment.</p> <p>Cash collection is a priority, and the Group has made appropriate investment in its credit control and working capital management processes, resulting in maintaining the elimination of Group net debt and a continued year-end net cash positive position for the sixth consecutive year, excluding the impact from the equity placing in April 2020.</p> <p>Relevant strategic priority</p> 
<p>3. Business model</p> <p>The Group faces competition from the increasing use of digital technologies for recruitment services and a growing trend towards both insourced and outsourced recruitment models, with associated margin pressures, which may impact materially on the business should Hays not continue to take appropriate actions and respond effectively.</p> <p>Social media and internet-enabled digital dynamics and recruitment value chain disintermediation, together with increased use of AI and machine learning, have continued to increase the risk to the business model over the course of recent years. Whilst, during Covid-19 pandemic, there has been reduced investment in this area, additional focus has been given around legislative changes such as statement of works and a greater move to automation.</p>	 Operational Financial Strategic	<p>Hays monitors industry trends and opportunities, including social media and insourcing, and continues to invest in our online presence to provide a high-quality customer experience.</p> <p>Our key relationships (such as with LinkedIn, Xing and Stack Overflow) increase our exposure to online professional networking and recruitment portals and enhance our value proposition to both clients and candidates.</p> <p>Our expert and specialist consultants are trained in utilising social media and other digital technologies to enhance their day-to-day activities in providing the best quality candidates to our clients.</p> <p>We continue to leverage our broad geographical and sectoral footprint to win and maintain a significant number of multispecialism contracts with large corporate organisations, which will strengthen our relationship with these clients and increase our share of their recruitment spend.</p> <p>Significant investment made in recent years has enhanced Hays' data science capabilities and has significantly improved our approach to find and engage with candidates. The initiative is overseen by the Group Data Marketing Director.</p> <p>Relevant strategic priority</p> 

Risk description	Risk trend and type	Risk mitigation
<p>4. Talent</p> <p>The Group is reliant on its ability to attract, train, develop, engage and retain sufficient high-quality talent in line with our long-term strategic growth plans and protect the business it has today, focused at business directors, managers and fee earners.</p> <p>Following the Covid-19 pandemic, whereby headcount investment stalled, there is an increased competition for talent in the market. Hays' strategy continues to grow and nurture talent internally into senior roles wherever possible.</p>	<p></p> <p>People Financial</p>	<p>Hays provides a defined and sustainable career development path for new hires, starting with a structured induction programme and ongoing training as they advance their careers, supported by formalised performance and career tracking.</p> <p>Development Centres focus on the progress of high-potential individuals, providing further development opportunities and helping to identify any talent gaps and training needs. Hays continues to roll out the International Leadership & Management Programme, which focuses on senior leadership and development and is aligned with the Group's business strategy.</p> <p>Our Hays Story has a clearly articulated Purpose and Values, with a demonstrable commitment to Equity, Diversity & Inclusion (ED&I), employee wellbeing and corporate social responsibility, and has set clear global and regional ED&I objectives and action plans.</p> <p>Overall, our remuneration packages are competitive, including an employee benefit programme, together with a long-term incentive scheme that is offered to broadly 350 senior managers, which encourages a performance-led culture and aids retention.</p> <p>Succession plans identify future potential leaders of the business and produce individual development plans in which to harness and cultivate talent, aligned to the Hays Leadership and Management DNA framework.</p> <p>The Group's standard employment contracts include notice periods and non-solicitation provisions in the event of an employee leaving.</p> <p>Relevant strategic priority</p> <p></p>
<p>5. Regulatory/Compliance</p> <p>The Group operates in 33 countries, with each operating its own legislative, regulatory, compliance and tax rules, especially for Temporary workers, with any non-compliance increasing the Group's exposure to potential legal, financial and reputational risk.</p> <p>During the year the UK Government, with effect from April 2021, implemented the IR35 legislation changes to include the Private sector in the United Kingdom.</p>	<p></p> <p>Legal Financial Reputational</p>	<p>Compliance and monitoring processes are tailored to specific specialisms, ensuring additional focus is given to higher-risk specialisms such as Education and Healthcare in the UK, Construction & Property in Australia and specialised corporate contracts through Hays Talent Solutions.</p> <p>Employees receive training in respect of the operating standards applicable to their role, with additional support provided by compliance functions, regional legal teams and, where necessary, external advisers.</p> <p>All staff receive regular training to ensure that legal and compliance updates are understood and applied. In territories where legislation sets out additional compliance requirements, specialists are also employed.</p> <p>Dedicated compliance auditors conduct sample checks to ensure that the appropriate candidate vetting checks and due diligence obligations are carried out in line with legal and contractual requirements.</p> <p>The Group holds all standard business insurance cover, including employers' liability, public liability and professional indemnity insurance.</p> <p>Relevant strategic priority</p> <p></p>



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Risk description	Risk trend and type	Risk mitigation
<p>6. Reliance on technology/ cyber security</p> <p>Our dependence on technology in our day-to-day business means that systems failure due to technical issues or malicious cyber attack may have a significant impact on our operations and ability to deliver our services if it continued for a number of days and, as such, could negatively impact our financial performance and reputation.</p> <p>The global threat of a cyber attack continues to increase (both in sophistication and volume) over the course of the year and we have increasingly seen malicious code being reportedly added into software products, which could prove to be an entry point for an attack. In addition, as the reliance on third parties increases, notably as the business utilises cloud services and support providers, our exposure in this area also increases.</p>	<p></p> <p>Operational Financial Reputational</p>	<p>The Group's technology strategy is continually reviewed to ensure that the systems it operates across the Group support its strategic direction.</p> <p>Ongoing asset life-cycle management programmes mitigate risks of hardware and software obsolescence.</p> <p>Technology systems are housed in various data centres across the Group and have capacity to cope with a data centre's loss through the establishment of disaster recovery sites. These are physically based in separate locations to the ongoing operations and intrinsically linked to the business continuity plans. Robust due diligence on IT partners and products is undertaken.</p> <p>Across the regions we have established dedicated security teams in order to ensure that the systems are robustly protected from unauthorised access, both externally and internally, and ensuring monitoring systems and anti-virus software are in place and up-to-date, with regular testing of these environments by external providers.</p> <p>In addition, we use external advisers to perform regular external and internal penetration tests, on both a physical and logical basis, on all major sites, systems and operations, implementing required improvements resulting from such tests as part of continuous improvement processes.</p> <p>Relevant strategic priority</p> <p></p>
<p>7. Data protection/privacy</p> <p>The business works with confidential and personal data in all 33 countries on a daily basis under a variety of laws and regulations. Failure to process, store and transmit this data on a compliant basis or a material data breach could expose the Group to potential legal, financial and reputational risks in the form of penalties and loss of business.</p> <p>Since the introduction of the General Data Protection Regulation (GDPR), other non-EU countries have continued to introduce similar legislation, which has increased the risk in this area.</p>	<p></p> <p>Legal Financial Reputational</p>	<p>Robust policies and procedures for processing, storing and transmitting confidential and personal data are in place across the Group, both on a physical and logical basis.</p> <p>Comprehensive data protection and information security policies and procedures are in place across the Group and, where data protection and privacy legislation allow, protective email monitoring programmes are undertaken to address potential areas of concern, to best protect our confidential information and candidates' personal data.</p> <p>Attention has been focused in this area, with the increased threat of cyber attacks globally, and security vulnerability is assessed as part of the ongoing IT strategy across the Group.</p> <p>External advisers are engaged to perform regular external and internal penetration tests, on both a physical and logical basis on all major sites, systems and operations and implementing required improvements resulting from such tests as part of continuous improvement processes.</p> <p>Annual training programmes are also reviewed and updated to ensure the programmes reflect the new regulations, where relevant.</p> <p>Relevant strategic priority</p> <p></p>
<p>8. Contracts</p> <p>The Group enters into contractual arrangements with clients, some of which can be complex and on onerous terms and/or impacted by local regulatory requirements, especially in relation to Temp/Contracting markets, which can increase the Group's risk exposure especially in more litigious environments.</p>	<p></p> <p>Operational Financial Reputational</p>	<p>During contract negotiations management seek to minimise risk and ensure that the nature of risks and their potential impact is understood.</p> <p>Our global legal team has the depth of knowledge and experience to enable them to advise management on the level of risk presented in increasingly onerous contracts, with clear guidelines in operation.</p> <p>The Group Finance Director reviews all commercial contracts with onerous non-standard terms in accordance with the Group's risk appetite. In addition, the Group's Insurance Manager reviews onerous contracts and, where necessary, engages with insurance providers to ensure where possible that risks are suitably covered and that policies will respond appropriately.</p> <p>Operational reviews are performed by regional compliance teams on a risk basis across key contracts to confirm compliance and adherence to agreed terms and agree improvements to the way in which services are delivered to clients.</p> <p>Assurance work is undertaken in key markets by Internal Audit to ensure contractual obligations are appropriately managed.</p> <p>Relevant strategic priority</p> <p></p>

Regulatory compliance

The Company's approach on the following matters can be found on our website, haysplc.com:

UK Gender Pay Gap

Supplier code of conduct

Modern Slavery Act

Tax Strategy, compliant with the UK Finance Act 2016, Schedule 19.

Section 172

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of factors set out in Section 172(1) (a)-(f) in the Companies Act 2006.

Details on how the Board operates, including the matters discussed and debated during the year, the way in which it reaches decisions taking into account the likely consequences of decisions in the long term, the key stakeholder considerations that were central to those discussions and the way in which it has had regard to the need to foster the Company's business relationships with customers, suppliers and other stakeholders are set out on pages 68 to 75. More detail of the activity undertaken by the Board and its Committees' activities can be found on pages 68 to 111, together with the Strategic report on pages 2 to 35. The aforesaid sections of this Report illustrate how the Directors, with the support of the wider business, consider the range of factors in the course of their Section 172 duties.

This Strategic Report, including the non-financial reporting statement above, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.

By order of the Board

Doug Evans

Company Secretary

25 August 2021